



# ***Daily Report***

---

## **China**

FBIS-CHI-94-153  
Tuesday  
August 1994

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

# Daily Report

## China

FBIS-CHI-94-153

### CONTENTS

9 August 1994

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

#### INTERNATIONAL AFFAIRS

##### General

DPRK Agrees To Use Less Threatening Reactors [XINHUA] .....	1
U.S. Calls For Cease-Fire by Rwandan Patriotic Front [XINHUA] .....	1
U.S. Sees Progress in Rwandan Refugee Situation [XINHUA] .....	1
XINHUA Cites U.S. Officials on NATO Strike Against Serbs .....	2
Sino-Russian-U.S. Team To Promote Sustainable Development [XINHUA] .....	2
World Bank Continues To Support Gansu's Agriculture [XINHUA] .....	3
Tian Jiyun Heads IPU Preparatory Committee [XINHUA] .....	3
Container Ship Service Available From Jiangsu to Europe [XINHUA] .....	3
Notables To Supervise Mainland Companies Listed Overseas [XINHUA] .....	3

##### United States & Canada

Jiang Zemin Urges Protection of Intellectual Property Rights [XINHUA] .....	4
---	---

##### Southeast Asia & Pacific

Yunnan Province To Help Burma Build Hydropower Stations [XINHUA] .....	4
Red Cross Provides Aid for Flood Victims in Cambodia [XINHUA] .....	4
Consulate-General Opened in Kuching, Malaysia [XINHUA] .....	4
Singapore Premier Cited on PRC Economic Reform [XINHUA] .....	5
Chinese Youth Delegation Visits Vietnam [XINHUA] .....	5
Wool Purchases From New Zealand Up [XINHUA] .....	6

##### Near East & South Asia

U.S. Christopher Leaves on 4-Nation Middle East Trip [XINHUA] .....	6
Christopher Meets Mubarak [XINHUA] .....	6
Christopher Arrives in Damascus [XINHUA] .....	7
Christopher Meets Syria's Al-Asad [XINHUA] .....	7
'News Analysis' Examines Christopher's Mideast Trip [XINHUA] .....	8
'Roundup' Views Israeli-Jordanian Peace Moves [XINHUA] .....	8
Egyptian Defense Minister Returns From China, Pakistan [XINHUA] .....	10
Indian Delegation Seeks To Boost Trade, Cooperation [CHINA DAILY 6 Aug] .....	10
PRC, India Sign Civil Aviation Cooperation Protocol [XINHUA] .....	10
Pakistan, China Sign Trade Agreement [XINHUA] .....	11

##### Sub-Saharan Africa

Trade Official Remarks on Ties With Africa; Ends Visit [XINHUA] .....	11
Vice Foreign Minister, Liberian Counterpart Discuss Ties [XINHUA] .....	11
Tian Meets Liberia's Kpomakpor [XINHUA] .....	12
Tian Zengpei Meets With Guinea Foreign Ministry Official [XINHUA] .....	12
Guinea Official Pledges One-China Stand [XINHUA] .....	13
Tian Emphasizes Guinea Ties [XINHUA] .....	13
Tian Visit Strengthens Ties With 4 West African Nations [XINHUA] .....	14
Military Envoy's Reception Celebrates Army Day in Zimbabwe [XINHUA] .....	14



## West Europe

Joint Project With EC To Control Spread of AIDS [CHINA DAILY 5 Aug]	15
Austrian Official Urges Strengthening of Relations [XINHUA]	15
Sino-British Companies To Expand Power Plant [XINHUA]	15
Britain Welcomes Yugoslav Break With Bosnian Serbs [XINHUA]	16
Li Ximing Meets German Parliamentarians [XINHUA]	16

## East Europe

Bosnian Serbs Not To Accept Peace Plan [XINHUA]	16
Yugoslavia Cuts Ties With Bosnian Serbs [XINHUA]	16
EU-Designated Official Undertakes Mostar Administration [XINHUA]	17
Charge d'Affairs Meets With FYROM Foreign Minister [XINHUA]	17

## NATIONAL AFFAIRS

### Political & Social

Hong Kong Columnist 'Disappointed' by Deng Biography [Hong Kong SOUTH CHINA MORNING POST 9 Aug]	18
Labor Activist Seeks Asylum in 'Third Country' .....	18
Shen Yuan Escapes 27 Jul [Hong Kong EASTERN EXPRESS 9 Aug]	18
Further on Labor Activist [Hong Kong EASTERN EXPRESS 9 Aug]	19
Shenzhen Official Comments on Foreign National's Case [ZHONGGUO TONGXUN SHE]	19
Article Commemorates Xie Juezai [RENMIN RIBAO 10 Jul]	20
Journalist Visits 'Concentration Camp' [Sao Paulo ISTOE 20 Jul]	23
'New Progress' Made in Antinarcotics Work [LIAOWANG 4 Jul]	25
Fourth Plenum To Focus on Economy, Party Building [Hong Kong LIEN HO PAO 9 Aug]	28
Beijing Trains Skilled Workers for AIDS Labs [XINHUA]	29
Commentator on New Regulations on State Security Law [FAZHI RIBAO 14 Jul]	29
Correction to Deng in 'Excellent Health' .....	30

### Science & Technology

New Technologies Improve Reliability of Satellites [XINHUA]	30
Chinese Catalyst Successfully Used in Producing Glycol [XINHUA]	31
Nuclear Plant Manager 'Threatened' After Leaks to Press [Hong Kong EASTERN EXPRESS 9 Aug]	31
Global Positioning Car Theft Alarm System Developed [XINHUA]	31

### Military

CMC Leaders Discusses Party Leadership Over Army [Hong Kong CHING PAO 5 Aug]	32
Circular Urges Crackdown on People Posing as Soldiers [XINHUA]	33
Report on Sentry Post Bordering Kyrgyzstan [Beijing TV]	33
Xinjiang Military District Party Congress [XINJIANG RIBAO 21 Jul]	34
PLA Combines 'Wartime,' 'Market' Transportation Systems [XINHUA]	35
Editorial Marks PLA's Founding Anniversary [JIEFANGJUN BAO 1 Aug]	36
Selected Military Works of Li Da Published [JIEFANGJUN BAO 12 Jul]	37

### Economic & Agricultural

Jiang Zemin, Li Peng Support Zhu Rongji on Economic Policy [Hong Kong LIEN HO PAO 9 Aug]	37
Zhu Rongji Readjusts Reform Policies for 2d Half [Hong Kong MING PAO 5 Aug]	38
Wu Xueqian Attends Boeing 737 Contract Ceremony [XINHUA]	39
Officials Say Real Estate Market 'Under Control' [CHINA DAILY 9 Aug]	39
Limitations on Price-Setting Discussed [BAN YUE TAN 25 Jun]	40
Article Compares Company Law, 'Suggestions' [ZHONGGUO GAIGE 13 Jun]	42
Beijing Automates Export, Import Customs Declaration [XINHUA]	48

Beijing Signs Contracts on Labor Exports [XINHUA]	48
Shanghai Cracks Down on Illegal Textile Transshipments [JINGJI CANKAO BAO 14 Jul]	49
Armed Police Frontier Units Cracks Down On Smuggling [XINHUA]	49
Pacific Insurance Company To Expand Business [XINHUA]	49
China's Container Transport Ranks First in World [XINHUA]	50
Statistics Show Silk Exports Increase [CHINA DAILY 9 Aug]	50
Motor Firm Announces Oversubscription on Public Offer [XINHUA]	51
Two Guangzhou Futures Exchanges Merge [CEI]	51
Article Criticizes Taxation Reform [Hong Kong TA KUNG PAO 8 Jul]	51
Beijing Produces 14.12 Million Tons of Crude Oil in Jul [XINHUA]	53
Mining Industry To Open to Foreign Investors [CHINA DAILY 9 Aug]	53
China Founds National Machinery Technological Association [XINHUA]	54
Largest Coking Production Bases Under Operation [XINHUA]	54
Beijing Hosts International Seminar on Global Changes [XINHUA]	54
College Students Help Farmers Learn Science [XINHUA]	55
Huang He Reaches Second Flood Peak After Heavy Rains [XINHUA]	55

## REGIONAL AFFAIRS

### East Region

Anhui Party Chief Speaks on Spiritual Civilization [ANHUI RIBAO 29 Jul]	56
Fujian's Poor Areas Benefit From Relief Program [XINHUA]	56
Jiangsu Attracts More Overseas Investment [XINHUA]	57
Jiangsu Experiences 'Stable' Economic Development [XINHUA]	57
Jiangsu Farmers' Income Up in 1st Half of Year [XINHUA]	58
Shandong's Yantai Accelerates Foreign Exchange [Jinan Radio]	58
Science, Education Promote Shandong Economy [XINHUA]	58
Areas in Shandong Plagued by Heavy Rainfall [Jinan Radio]	59
Shanghai Sets Up Pharmaceutical Factory Venture [XINHUA]	59
Shanghai Consultancy Services Show Development [XINHUA]	59

### Central-South Region

Guangdong Updates Management of Construction [XINHUA]	59
Guangxi Zhuang Region Seeks Foreign Investment [XINHUA]	60
Guangxi Statistical Bureau Reviews Situation [Nanning Radio]	60
Guangxi Reports 'Robust Growth' in Rural Industry [XINHUA]	60
Governor Inspects State-Owned Firms in Kaifeng [Zhengzhou Radio]	61
Pingdingshan Coal Mine Blaze Leaves 17 Dead [AFP]	61
Henan Farmers' Incomes Increase in 1994 [XINHUA]	61
Taiwan Investment in Hubei Increases 'Rapidly' [XINHUA]	61

### North Region

New Rules To Help Beijing Improve Product Quality [XINHUA]	62
Beijing To Increase Service Sector Development [XINHUA]	62
Beijing Strengthens Inspection of Imports [ZHONGGUO XINWEN SHE]	62
Beijing Farmers Obtain Professional Diplomas [XINHUA]	63
Beijing Reports Rapid Rural Economic Development [XINHUA]	63
Beijing Sees Growth in Electronics Industry [XINHUA]	63
Beijing Large Ethylene Project Nears Completion [XINHUA]	63
Hebei Secretary Seeks Support for Entrepreneurs [HEBEI RIBAO 27 Jul]	64
Hebei Secretary Speaks at Semi-Annual Meeting [HEBEI RIBAO 26 Jul]	64
Inner Mongolia GDP Increases in Jan-Jun 1994 [XINHUA]	66
Coal Mines Boost Economy in Inner Mongolia [XINHUA]	66
Shanxi Establishes Provincial Tax Bureaus [SHANXI RIBAO 29 Jul]	66
Two 'Special' Steel Projects Built in Shanxi [XINHUA]	67
Tianjin Patent Office Signs Accord With U.S. Firm [XINHUA]	67
Tianjin Holds Forum on Rural Party Building [TIANJIN RIBAO 28 Jul]	67
Foreign-Invested Ventures Gain Profits in Tianjin [XINHUA]	68

### Northwest Region

Gansu Leaders Speak on Party, Government Work [Lanzhou Radio] .....	68
Gansu Governor Stresses Developing Poor Areas [Lanzhou Radio] .....	69
Ningxia Herdsmen Prospering Through New Methods [XINHUA] .....	69
Shaanxi Province To Lay 488.5-km Gas Pipeline [XINHUA] .....	69
Chairman Addresses Xinjiang Government Plenum [Urumqi TV] .....	70
President Signs Order To Promote Xinjiang Officers [XINJIANG RIBAO 30 Jul] .....	70
Commentary Urges Better Xinjiang Public Security [Urumqi TV] .....	71
Xinjiang Meeting Held on Rural Social Order [Urumqi TV] .....	71
Article Views Deficits of Xinjiang State Firms [XINJIANG RIBAO 22 Jul] .....	72
Xinjiang Develops Minority Education as Priority [XINHUA] .....	72
Sorghum Thief Executed for Killing Peasant [XINJIANG RIBAO 30 Jul] .....	73

### PRC MEDIA ON TAIWAN AFFAIRS

Cross-Strait Talks End; Press Release Issued .....	74
Tang Cites Talks Success [XINHUA] .....	74
Tang on Opposition Party [XINHUA] .....	74
Tang Notes Common Ground [ZHONGGUO XINWEN SHE] .....	74
Tang Returns to Beijing [XINHUA] .....	75
More on Tang's Remarks [XINHUA] .....	75
Exchange Programs Announced [XINHUA] .....	76
Report on Joint Press Release [XINHUA] .....	77
'Text' of Press Release [XINHUA] .....	78
Commentator on Direct Phone Service [Beijing Radio] .....	80
Deng: Hong Kong-Based Taiwan Institutions To Stay [Hong Kong WEN WEI PO 8 Aug] .....	80

### TAIWAN

Report Views Health of PRC's Deng Xiaoping, Chen Yun [Taipei Radio] .....	81
Premier Lien Chan on Cross-Strait Relations [Taipei CHUNG YANG JIH PAO 28 Jul] .....	81
Defense Minister on Defense Construction [Taipei CHUNG KUO SHIH PAO 31 Jul] .....	84
BOFT Reports Increased Exports to PRC [CNA] .....	85
CEPD's Hsiao To Lead Investment Group to RSA [CNA] .....	86

### HONG KONG & MACAO

#### Hong Kong

PWC Member Liu Hanquan Interviewed [XINHUA] .....	87
Hang Seng Bank Provides Index on Enterprises [XINHUA] .....	88
'China Factor' Affects Financial Markets [ZHONGGUO XINWEN SHE] .....	88
UK Prevents Finalizing of Airport Issue [XINHUA] .....	89
Beijing Cracks Down on Businessman Over Li Peng Criticism [Hong Kong SOUTH CHINA MORNING POST 9 Aug] .....	89
Publisher To Resign From Retail Company [AFP] .....	90
Survey Says Housing Top Concern of People [XINHUA] .....	90

#### Macao

GDP Increases 5 Percent in 1993 [XINHUA] .....	91
--	----

## General

### DPRK Agrees To Use Less Threatening Reactors

OW0908024994 Beijing XINHUA in English 0202  
GMT 9 Aug 94

[Text] Geneva, August 8 (XINHUA)—The Democratic People's Republic of Korea (DPRK) agreed today to use nuclear reactors which are not dependent on materials suitable for producing bombs during the second day of talks with the United States.

The DPRK might replace its graphite reactors with light-water reactors as part of "important proposals with regard to resolving the nuclear issue," said DPRK's Vice Foreign Minister Kang Sok-chu, who heads the delegation.

But, he said, the freezing of its graphite reactor program would only be possible with a supply of new light-water reactors.

He added that the DPRK should also "receive new, proper and appropriate compensation for the freeze we have proposed on the construction of graphite-modulated reactor power plants which are still under construction."

"This is a most reasonable demand on the part of the DPRK," he said.

At an earlier round of U.S.-DPRK talks in July 1993, the DPRK agreed in principle to transform its nuclear technology, and the U.S. agreed to provide aid in this area.

The third round, which began on July 8, was suspended a day later by the death of the DPRK President Kim Il-song, and was resumed last Friday [5 August].

U.S. Under-Secretary for Political-Military Affairs Robert Gallucci, who leads the U.S. delegation, said that the proposals made by the DPRK today were "certainly worthy of study and consideration."

He added that there was still "a long way ahead" as many problems remained to be solved.

The U.S. has been seeking to persuade the DPRK to open up its nuclear facilities to full international inspection, a demand the DPRK said violates its sovereignty.

Both delegations confirmed that some progress had been made after nine hours of talks today, though they declining to give any details, and agreed to meet again Wednesday.

### U.S. Calls For Cease-Fire by Rwandan Patriotic Front

OW0508212994 Beijing XINHUA in English 2030  
GMT 5 Aug 94

[Text] Washington, August 5 (XINHUA)—The United States Government today called for an immediate cease-fire by the Rwandan Patriotic Front in that country.

The Rwanda Patriotic Front contends that its offensive is intended to rescue threatened populations behind interim government lines.

"We, too, are outraged by the massive killings perpetrated by supporters of the interim government," State Department Spokeswoman Christine Shelly said in a statement.

She stressed that continued fighting will only increase the horrendous death toll, magnify the human suffering, and compound the destruction.

"The temporary, U.N.-approved French-led intervention is already bringing important protection to threatened populations," she noted, "further fighting will only complicate this humanitarian mission and might even widen the conflict—a result that must be avoided."

The United States urged the United Nations peacekeeping forces to expand their operations in Rwanda "as quickly as possible."

### U.S. Sees Progress in Rwandan Refugee Situation

OW0508221694 Beijing XINHUA in English 2152  
GMT 5 Aug 94

[Text] Washington, August 5 (XINHUA)—The Rwandan new government is working to create conditions for refugees to return home, the State Department said here today.

"We are gratified that the new government is working to create conditions which will give refugees the confidence that they can safely return home," department Acting Spokesman David Johnson said at a regular news briefing.

He noted some positive concrete achievements: The Rwandan Patriotic Front's armed forces will join the U.S. peacekeeping forces' [as received] patrols; the new government has stated a willingness to allow the deployment of human rights monitors; and it confirmed that there is going to be no rigorous screenings of returning refugees.

He stressed that the solution to this refugees crisis is for the refugees to be able to return voluntarily to their homes.

The United Nations humanitarian relief mission is using radio broadcasts at the Rwandan refugees camps in the border regions near Rwanda to counter adverse rumors and disinformation, Johnson said.

And some non-government organizations have begun to set up reception centers and relief distribution points for the returnees inside Rwanda.

But in terms of political issues, "we've seen that there's been some limited progress on political reconciliation in Rwanda," Johnson said.



"The process is going to be a very gradual one and will require a concerted effort by all sectors of Rwanda society," he added.

Johnson also said Assistant Secretary of State John Shattuck is now in the area to participate in discussions concerning accountability for the genocide that has taken place inside Rwanda.

### **XINHUA Cites U.S. Officials on NATO Strike Against Serbs**

*OW0508182194 Beijing XINHUA in English 1810 GMT 5 Aug 94*

[Text] Washington, August 5 (XINHUA)—NATO warplanes struck at targets today around Sarajevo at the request of the U.N. after the Bosnian Serbs shot at a U.N. helicopter, a U.S. official [as received] was quoted as saying.

"We understand the strikes did occur," the ASSOCIATED PRESS quoted an anonymous State Department official as saying.

The official said the action were taken in response to "flagrant violations" of the U.N.-sanctioned heavy weapons exclusion zone around Sarajevo.

At the Pentagon, another official, speaking on condition of not being named, said French, Dutch and U.S. airplanes were involved in the strikes that were "limited to specific targets."

The official said the U.S. A-10 attack aircraft were flying out of Aviano Air Base in northern Italy.

The A-10s, also known as "tank-killers," were designed for close air support of ground forces and are equipped with 30mm guns capable of firing 3,900 round per minute.

The Bosnian Serbs had blocked passage to Sarajevo recently and seized heavy weapons guarded by U.N. peacekeepers in the arms exclusion zone, acts that prompted calls for punitive measures.

While world media has been mainly focusing on Bosnian Serb violations around Sarajevo and other areas, the Bosnian Serbs themselves were accusing the international community of ignoring Bosnian Muslim violations.

Danielle Sremac, a member with the local Serbian American Council, told the CABLE NEWS NETWORK (CNN) that Bosnian Serbs "had to" take the heavy weapons following the outside ignorance of Muslim violations.

### **Sino-Russian-U.S. Team To Promote Sustainable Development**

*OW0808234194 Beijing XINHUA in English 2208 GMT 8 Aug 94*

[By Zhao Renfang]

[Text] New York, August 8 (XINHUA)—A three-way agreement to promote sustainable economic development and exchanges in the Ussuri River has been signed by China, Russia and the United States.

The signing of the trilateral "historic agreement" for cooperation among Chinese, Russians and Americans across the Sino-Russian border was officially announced here today.

David Lampton, president of the U.S. National Committee on U.S.-China Relations (NCUSCR) said the efforts of the three parties will further promote not only sustainable development, but also contribute to regional economy and security as a whole.

NCUSCR, in cooperation with Ecologically Sustainable Development, Inc. (ESD) in the United States, is sponsoring the three-year land use planning project in the Ussuri River watershed, two-thirds of which is Russia and one-third of which is in Northeast China.

According to George Davis, ESD president, the twenty-million-hectare watershed is a unique ecosystem which combines flora and fauna from the northern taiga and the southern subtropics. Within the diverse Ussuri watershed are the last viable populations of Siberian tiger and fragile habitats of the Japanese and white-naped crane, the only remaining Asian leopards live just outside its southern boundary, near Tumen.

In an interview with XINHUA, Song Hongfu, deputy director of Heilongjiang Provincial Planning Commission, said that both the Chinese Government and local government have been interested in this project, which seeks to promote cooperation among Chinese, Russian and American scientists, social scientists, and public officials in an effort to promote ecologically sustainable economic development in the region.

He said, signing the agreement also showed China's determination to implement Agenda 21, a document reached at the U.N. Conference on Environment and Development (UNCED).

"This project will not only promote sustainably economic and social development there, but also cooperation and understanding among people from different countries," added Song, who is now heading a five-member Chinese delegation in the United States for a comparative study of land use planning and sustainable development practices.

Valentina Fedorovna Bekoshina, first deputy governor of Khabarovsk Krai of Russia, noted that they have been experimenting solar energy and wind power along the Ussuri River and realized the need for such a joint project there.

She said that to prevent the environment and ecology from deterioration was very important for sometimes a regional problem would become a global one. Therefore she and her government fully supported the project.

Now a ten-member team from China and Russia is visiting the United States as part of this tri-state project. The group has visited the U.S. bi-state Lake Tahoe region and examined how tensions between economic development and environmental protection have been managed there.

Professor Dong Dexian from China's Northeast Agricultural University said the group will travel to Adirondack Park in upper New York State for a conference on land planning and resource development and discussions on the next phase of the larger Ussuri project.

#### **World Bank Continues To Support Gansu's Agriculture**

*OW0608084194 Beijing XINHUA in English 0806 GMT 6 Aug 94*

[Text] Lanzhou, August 6 (XINHUA)—Using loans from the World Bank, a project to stop soil erosion in the drainage area of the Malianhe River was started in northwest China's Gansu Province.

This is the largest water and soil conservation project ever launched in Gansu Province, an arid province with little rainfall.

The total investment is 578 million yuan (about 66.7 million U.S. dollars). The World Bank provided 40 million U.S. dollars in loans for this project.

In eight years when the project is scheduled to be finished, over two-fifths of the Malianhe River valley will be covered with trees and grasses.

By then, the average annual income of the local people will have increased to 903 yuan (about 104.2 U.S. dollars) from the present 302 yuan. About 500,000 local people will have secured enough food and clothing.

Meanwhile, the World Bank has also supported an irrigation and emigration program by providing 150 million U.S. dollars in loans.

The program is to cultivate some 5,400 hectares of wetlands in the northwestern part of Gansu Province where land and water resources are relatively richer. At the same time, the program will also help 200,000 people move from the arid central part and the cold, humid area in the southern part of Gansu province.

This agricultural program, which has attracted the most foreign investment, is the largest of its kind in the history of the province. Preparations are under way for the program which will cost 2.33 billion yuan (about 268.7 million U.S. dollars) in total.

The province used the first batch of world bank loans in 1987. The seven million U.S. dollars was spent in a project in Dingxi county, one of the poorest counties in the province. Because of the project, the county yearly gains an additional grain output of 4.5 million kilograms.

The World Bank also provided 123 million U.S. dollars as loans for a diversion project which will put into operation later this year.

#### **Tian Jiyun Heads IPU Preparatory Committee**

*OW0808140394 Beijing XINHUA Domestic Service in Chinese 0635 GMT 8 Aug 94*

[Text] Beijing, 8 Aug (XINHUA)—The preparatory committee for the 96th Session of the Interparliamentary Union [IPU] was formed here recently. With Tian Jiyun, vice chairman of the National People's Congress [NPC] Standing Committee, as its chairman, the committee has begun preparing for the grand international conference.

Cao Zhi, secretary general of the NPC Standing Committee, is the preparatory committee's executive vice chairman. Committee members also include people in charge of the NPC Foreign Affairs Committee, the relevant State Council ministries and commissions, and the departments concerned in Beijing Municipality.

According to a decision by the IPU's 154th council meeting in Paris in March 1994, the 96th IPU Session will be held in Beijing in September 1996 at the NPC Standing Committee's invitation.

The IPU currently has 129 member countries and three associate members. Each IPU session has been attended by more than 100 parliamentary delegations from various countries and by observers from approximately 30 international organizations and agencies.

#### **Container Ship Service Available From Jiangsu to Europe**

*OW0808170994 Beijing XINHUA in English 1529 GMT 8 Aug 94*

[Text] Lianyungang, August 8 (XINHUA)—A Chinese container ship from Lianyungang city, in east China's Jiangsu Province, to European port cities made its maiden voyage recently.

According to local officials, the container ship service will be available once a month. The ship will start from Lianyungang, situated on the northeastern coast of economically-developed Jiangsu, go via Singapore and arrive in Antwerp of Belgium, Rotterdam of the Netherlands and Hamburg of Germany.

The service was initiated by the Zhongbo (China-Poland) Steamer Joint-Stock Company. The Lianyungang Foreign Vessels Agency Company will act as the head agent for the container ship, said the officials.

The container ship carried export commodities from Jiangsu, Henan and Shandong Provinces on its first voyage.

#### **Notables To Supervise Mainland Companies Listed Overseas**

*OW0908102294 Beijing XINHUA in English 0904 GMT 9 Aug 94*

[Text] Beijing, August 9 (XINHUA)—More overseas personages will be invited as members of the directors'

boards in mainland-based companies that have listed their stocks overseas, according to Liu Hongru, president of the China Securities Regulatory Commission.

The Beijing-based CHINA SECURITIES quoted the president as saying that this may raise the companies' popularity as well as make them conform to international practice.

According to international practice, companies with their stocks listed always invite well-known persons that have no economic relations with the company to be members of the board of directors, which is expected to protect the interests of small share-holders and of society.

So far, ten mainland companies listing stocks in Hong Kong have invited such persons.

Liu said that all mainland companies listing stocks overseas will adopt the practice.

He also said that his commission, together with concerned departments, will help the companies to invite prominent overseas persons.

### United States & Canada

#### Jiang Zemin Urges Protection of Intellectual Property Rights

OW0908041694 Beijing XINHUA in English 0332  
GMT 9 Aug 94

[Text] Beijing, August 9 (XINHUA)—Chinese President Jiang Zemin, meeting with an American entrepreneur here today, said China will "spare no effort" to protect intellectual property rights.

Talking with E.S. Woolard, chairman and CEO [chief executive officer] of Du Pont de Nemours and Company Inc. of the United States, Jiang said China has done a lot of work over the past decade in setting up a system to protect intellectual property rights.

So far, a fairly complete system of such protection has been established, Jiang said.

As a result, the president noted, China's environment for international co-operation will be further improved.

Woolard briefed Jiang during the meeting on Du Pont's co-operation with China.

Jiang said he was happy with the growth of Du Pont's business in China over the past few years.

He expressed the belief that the co-operation between Du Pont and China has "good prospects" on the basis of mutual benefit.

Woolard said Du Pont will continue to co-operate with China, offering its technology and product advantages.

Woolard and his party are here at the invitation of the China International Trust and Investment Corporation.

### Southeast Asia & Pacific

#### Yunnan Province To Help Burma Build Hydropower Stations

OW0508112894 Beijing XINHUA in English 1053  
GMT 5 Aug 94

[Text] Kunming, August 5 (XINHUA)—The Machinery Import and Export Corporation of southwest China's Yunnan Province is ready to help Myanmar [Burma] with the construction of another hydropower station with a generating capacity of 280,000 kilowatt.

The power station, named Paunglaong Station, is the most recent project by the Yunnan company after building dozens of small-sized hydropower stations in Myanmar.

Rich in hydropower potential, Myanmar has a generating capacity of only 800,000 kilowatts in both hydropower and thermopower, leaving an enormous amount to be tapped.

Bordering Myanmar, Yunnan Province started its cooperation with its neighbor in building small-sized hydropower stations, providing generating sets, installing equipment, training working staff and giving technical guidance.

By June this year, the Chinese company had already completed six small hydropower stations in Myanmar and another eight are still under construction, with their generating capacities ranging from 150 to 18,000 kilowatts.

#### Red Cross Provides Aid for Flood Victims in Cambodia

OW0808144594 Beijing XINHUA in English 1356  
GMT 8 Aug 94

[Text] Phnom Penh, August 8 (XINHUA)—Red Cross Society of China today donated 50,000 U.S. dollars to the Cambodian Red Cross as relief funds for the victims of the recent floods in Cambodia.

About 150,000 people are reported to have been left homeless as a result of flooding caused by torrential rains which also destroyed wide areas of fields and many bridges in some parts of Cambodia over the past week.

Chinese Prime Minister Li Peng on Saturday [6 August] extended deep sympathy to the people in the flood-affected areas.

China is the first country to have responded to the call by the Cambodian Government for emergency aid.

#### Consulate-General Opened in Kuching, Malaysia

OW0308134494 Beijing XINHUA in English 1151  
GMT 3 Aug 94

[Text] Kuching (Malaysia), August 3 (XINHUA)—The Consulate-General of the People's Republic of China in Kuching, Malaysia was officially opened today.



The event "will no doubt be another milestone to further enhance the already close relationship between our two countries in the years to come", said Wong Soon Kai, deputy chief minister of Sarawak state.

In his speech at the opening ceremony, Wong also said that "this will definitely facilitate even closer cooperation and greater friendship among our peoples in the fields of commerce and industry, tourism and culture, science and technology."

Wong, who led over 100 guests to the ceremony, said Sarawak's trade with China has grown nearly six times to 965 million ringgit (about 350 million U.S. dollars) in 1993 from 157 million ringgit (60 million dollars) in 1980, "this figure is expected to increase in the years to come", he said.

Chinese Ambassador to Malaysia Qian Jinchang, who officially declared the consulate-general open, said it is another major event in bilateral ties between China and Malaysia following the opening of Malaysia's consulate-general in Guangzhou last year. The decision for the establishment of the respective consulates-general had been made by the two governments during Prime Minister Mahathir Mohamed's visit to China in June last year, Qian said.

Consul General Wu Deguang in his speech said the Kuching office will facilitate easier traveling between the two countries, in the benefit of exchange and cooperation in economic, trade and tourism areas.

The Kuching consulate-general covers Sarawak, Sabah and the Federal Territory of Labuan, with a combined area of more than 198,000 square kilometers and a population of over 3 million, who are multi-ethnic. With Kuching as capital, Sarawak is rich in petroleum, natural gas and timber.

#### **Singapore Premier Cited on PRC Economic Reform**

OW0808173694 Beijing XINHUA in English 1541 GMT 8 Aug 94

[Text] Singapore, August 8 (XINHUA)—China's reform will shift the economic center of gravity of the world, Singapore Prime Minister Goh Chok Tong said in his national day message, published today on the eve of the 29th anniversary of the founding of the republic.

He said the biggest industrial revolution in human history was taking place in Asia.

"Asia is taking off," he said, adding that the four newly industrialized economies (NIES) are closely followed by Malaysia and Thailand.

The big Asian economies, China, India, Indonesia and Vietnam, are opening up and competing in the world market, Goh noted.

"Over the next few decades, China's stupendous transformation will shift the economic center of gravity of the world," he said.

The prime minister also said that Singapore's economic growth in the first half of the year registered an impressive rate of 10.5 percent, following a strong 9.9 percent growth in 1993.

As all sectors of the economy are expanding and productivity growth is high, the Ministry of Trade and Industry has revised the growth forecast upwards to between nine to ten percent, he said.

The prime minister said the challenge for Singapore now is "to get the younger generation, now in their 30s and 40s, to prepare to take charge of Singapore in the 21st century."

He called on younger Singaporeans to "come forward to set new goals and overcome new challenges."

"They must plan and create opportunities for all Singaporeans - the rich, the middle-income, the low-income," he said, pointing out that "honest, able and committed leaders" were the most important single factor in deciding Singapore's future.

"We need another 10 to 15, in the next few years, men and women who can think and work beyond themselves and their immediate families, or Singapore will decline," Goh remarked.

#### **Chinese Youth Delegation Visits Vietnam**

OW0908014894 Beijing XINHUA Domestic Service in Chinese 1240 GMT 8 Aug 94

[By reporter Zhang Jiaxiang (1728 0502 4382)]

[Text] Hanoi, 8 Aug (XINHUA)—Today, Truong My Hoa, secretary of the Communist Party of Vietnam [CPV] Central Committee Secretariat and chairman of the Vietnam Women's Federation, met with a Chinese youth delegation led by Zhao Shi, secretary of the Communist Youth League Central Committee Secretariat, and held a cordial, friendly conversation with the delegation.

On behalf of the CPV Central Committee, Truong My Hoa warmly welcomed the visit of the Chinese youth delegation. She said: Vietnam and China have many things in common, and the two countries enjoy traditional friendly cooperation. The Vietnamese party, government, and people are determined to follow President Ho Chi Minh's teachings and guidance, to cherish and maintain the traditional Vietnamese-Chinese friendship, and to continuously consolidate and expand the friendly cooperation between the two countries.

Truong My Hoa said: Youths constitute an important force in society. The CPV attaches very great importance to the vanguard role played by youths in industrialization and modernization. The youth movements in

Vietnam and China have many things in common. It is hoped that Vietnam and China will strengthen mutual exchanges and cooperation in the future to promote the simultaneous progress of the youth movement in the two countries.

In her remarks, Zhao Shi praised the achievements scored by Vietnam in reform and opening up and expressed the hope that youths of the two countries will work together hand in hand to accelerate friendly Chinese-Vietnamese cooperation in the future.

Truong My Hoa said: The world women's congress to be held in Beijing next year will be an important event. The Vietnamese people are very pleased with the first convocation of a world women's congress in Asia and in socialist China, and they wish the congress complete success.

Chinese Ambassador to Vietnam Zhang Qing was present at the meeting.

Zhao Shi and her party arrived here on 6 August to begin a week-long visit to Vietnam.

#### **Wool Purchases From New Zealand Up**

*OW0408132594 Beijing XINHUA in English 0735 GMT 4 Aug 94*

[Text] Wellington, August 4 (XINHUA)—China and Hong Kong together bought one third of New Zealand [NZ] wool fiber exports in the year ending June 1994, it was reported today.

Wools of New Zealand, formerly known as the NZ Wool Board, said in a press release that total shipments to the combined China/Hong Kong market in the year amounted to over 72,000 tons, up by 59 percent from the previous year.

"There are encouraging signs of China's continuing active interest in New Zealand wool," it said.

Exports to Western Europe also went up mainly because of the economic recovery in Britain.

In the past year, the export earnings of the wool sector rose by 12 percent to 1.285 billion NZ dollars (771 million U.S. dollars), said the release.

#### **Near East & South Asia**

##### **U.S. Christopher Leaves on 4-Nation Middle East Trip**

*OW0508221594 Beijing XINHUA in English 2206 GMT 5 Aug 94*

[Text] Washington, August 5 (XINHUA)—U.S. Secretary of State Warren Christopher left here today for a tour of the Middle East, hoping to advance the deadlocked peace talks between Israel and Syria.

Christopher will continue his consultations with the leaders in the region on "achieving a just, lasting and comprehensive peace," the State Department has said.

During his fourth visit to the region this year, Christopher is scheduled to stop first in Cairo on Saturday [6 August] for a meeting with Egyptian President Hosni Mubarak, who has been trying to broker a deal between Syria and Israel.

Then he will go on to Israel, Syria and Jordan, and he said he anticipated one or two shuttle round trips between Jerusalem and Damascus.

"I wouldn't be going unless I thought it was worth the trip," Christopher said on Thursday. But he cautioned that "there is unlikely to be any major substantive breakthroughs."

##### **Christopher Meets Mubarak**

*OW0608193294 Beijing XINHUA in English 1916 GMT 6 Aug 94*

[Text] Cairo, August 6 (XINHUA)—Egyptian President Hosni Mubarak said today he has discussed with U.S. Secretary of State Warren Christopher a number of issues related to the Middle East peace process with emphasis on the Syrian track and the Palestinian issue.

At a joint press conference he held with Christopher in Alexandria following their talks, Mubarak said he hoped that the Syrian-Israeli talks would some progress before the end of the year.

He said he has received two verbal messages from U.S. President Bill Clinton and his Vice-President Al Gore.

President Mubarak said a number of bilateral issues were discussed with Christopher today and that discussions in this respect will continue when Gore comes to Egypt on September 5.

Christopher arrived in Alexandria earlier today on the first leg of his new shuttle mission to the region to boost the peace talks, especially on the Syrian-Israeli track.

His current tour was preceded by the landmark progress on the Jordanian-Israeli track. The two sides have signed a Washington declaration to end the state of war.

Christopher is due later today in Israel for talks with Prime Minister Yitzhak Rabin, and will then head for Syria and Jordan.

The U.S. secretary said President Mubarak and the Egyptian Government are playing a leading role in efforts to establish peace in the Middle East.

He said President Mubarak briefed him on his talks with Syrian President Hafiz al-Asad and Israeli Prime Minister Rabin and has benefited from President Mubarak's advice.

In response to a question on Rabin's recent statements in Taba on Israel's readiness to pull out of the Golan

Heights and whether such withdrawal would not be complete, Christopher said he could not, as an agent facilitating negotiations, be expected to discuss the stances of the various parties concerned.

However, he said the negotiations are proceeding quite seriously and that he has returned to the region because he believed that Middle East talks stood a good chance of making progress.

PLO Chairman Yasir 'Arafat, who arrived in Alexandria earlier today, joined the session of talks between President Mubarak and Secretary Christopher to discuss the Middle East peace process.

Christopher said he discussed with 'Arafat a number of topics related to aid to the Palestinian national authority and expediting the implementation of infra-structure projects in Gaza and Jericho.

Donor countries have promised some 2.4 billion U.S. dollars to help the Palestinians, but the money has been slow to arrive.

On whether the U.S. would do something to expedite aid to self-rule areas, Christopher said he sent messages Friday [5 August] to all donor states in this respect.

In reply to a question on 'Arafat's request to hold negotiations now on the future of Jerusalem because of a paragraph in the Jordanian-Israeli declaration that gives Jordan a "special role" in overseeing Moslem holy sites in the eastern part of the city and the U.S. stance in this regard, Christopher said the U.S. is not the party to decide that.

He added that both the Palestinians and Israelis have agreed in their declaration of principles to start negotiations on Jerusalem at the last stage.

#### **Christopher Arrives in Damascus**

OW0708181194 Beijing XINHUA in English 1730  
GMT 7 Aug 94

[Text] Damascus, August 7 (XINHUA)—U.S. Secretary of State Warren Christopher arrived here today in a renewed effort to persuade President Hafiz al-Asad to break the deadlock in the Syrian-Israeli track of peace talks.

Christopher arrived from Jerusalem where he met with Israeli Prime Minister Yitzhaq Rabin and Foreign Minister Shim'on Peres. He began his new shuttle in the region, the fourth in three months, in Egypt Saturday [6 August] where he met with President Hosni Mubarak and PLO Chairman Yasir 'Arafat.

In Damascus, Christopher will brief Al-Asad on his talks in Jerusalem and present new ideas on Israeli withdrawal from the Golan Heights captured by Israel in the 1967 Middle East war and annexed by the Jewish state in 1981.

Diplomatic sources here said Christopher will convey proposals and ideas to the Syrian leadership for phased withdrawal from the Golan Heights in two years instead of eight years as previously proposed.

He will also discuss with Syrian officials security arrangements and normalization of relations between the two Middle East nations along with a timetable, to be worked out during Syrian-Israeli talks, for that normalization.

Christopher was greeted at Damascus airport by his Syrian counterpart, Faruq al-Shar' and the two men drove straight to meet Al-Asad in his official residence.

Syria insists that Israel commits itself to a complete withdrawal from the Golan Heights while the Israelis have offered a phased and partial withdrawal over eight years, which Syria rejected.

Israel also insists that Syria spell out the terms of peace with Israel before it considers a total withdrawal.

Syria accused Israel today of fueling tension in south Lebanon to sabotage Christopher's Middle East shuttle. The government newspaper "AL-THAWRA" suggested that Israel has deliberately escalated its aggression on south Lebanon prior to Christopher's visit in an effort to "deal a deadly blow to the peace process."

#### **Christopher Meets Syria's Al-Asad**

OW0708184994 Beijing XINHUA in English 1814  
GMT 7 Aug 94

[Text] Damascus, August 7 (XINHUA)—Syrian President Hafiz al-Asad received U.S. Secretary of State Warren Christopher here this evening to discuss peace talks with Israel.

Attending the meeting were Syrian Foreign Minister Faruq al-Shar' and American coordinator for the Middle East peace process Dennis Ross, the official spokesman with the Syrian Presidency said.

The talks began immediately after Christopher arrived here from Israel where he held talks with Prime Minister Yitzhaq Rabin and Foreign Minister Shim'on Peres on ways of boosting the peace talks on the Syrian-Israeli track.

Upon his arrival, Christopher said he would not say anything before meeting with President Al-Asad and Foreign Minister Al-Shar'.

This shuttle by Christopher—the fourth in three months, aims to break the stalemate in the Syrian-Israeli track of peace talks and narrow the gap in the positions of the two sides concerning the Golan Heights captured by Israel in the 1967 Middle East war and annexed by the Jewish state in 1981.

In Damascus, Christopher will brief Al-Asad on his talks in Jerusalem and present new ideas on Israeli withdrawal from the Golan Heights.



Diplomatic sources here said Christopher will convey proposals and ideas to the Syrian leadership for phased withdrawal from the strategic plateau in two years instead of eight years as previously proposed.

He will also discuss with Syrian officials security arrangements and normalization of relations between the two Middle East nations along with a timetable, to be worked out during Syrian-Israeli talks, for that normalization.

Christopher was greeted at Damascus airport by his Syrian counterpart, Faruq al-Shar and the two men drove straight to meet Al-Asad in his official residence.

Syria insists that Israel commits itself to a complete withdrawal from the Golan heights while the Israelis have offered a phased and partial withdrawal over eight years, which Syria rejected.

Israel also insists that Syria spell out the terms of peace with Israel before it considers a total withdrawal.

Syria accused Israel today of fueling tension in south Lebanon to sabotage Christopher's Middle East shuttle. The government newspaper "AL-THEAWRA" suggested that Israel has deliberately escalated its aggression on south Lebanon prior to Christopher's visit in an effort to "deal a deadly blow to the peace process."

#### **'News Analysis' Examines Christopher's Mideast Trip**

OW0708203694 Beijing XINHUA in English 2008  
GMT 7 Aug 94

["News Analysis" by Wang Genbao: "Can Christopher's Shuttle Achieve Progress on Syrian-Israeli Track?"]

[Text] Damascus, August 7 (XINHUA)—U.S. Secretary of State Warren Christopher arrived in Damascus today in a renewed effort to bring Syria and Israel closer to a peace agreement.

His shuttle diplomacy—the fourth in three months—aims at narrowing the gap between Syria and Israel on the issue of Golan Heights.

The question lies whether Christopher will be able to secure progress on the Syrian-Israeli track of peace talks in the light of the latest developments in the region.

Earlier before Christopher's tour, U.S. President Bill Clinton had said that Syrian President Hafiz al-Asad and Israeli Prime Minister Yitzhaq Rabin are really serious in seeking peace.

In a news conference Thursday [4 August], Clinton said he had spoken by telephone recently with Al-Asad and "I am convinced that he is still very much interested in a comprehensive peace."

A U.S. State Department spokesman said, "Christopher's tour aims at probing the positions of the concerned parties to consider if there is any role that we, as mediators, can act."

However, he said the tour is not expected to make a breakthrough anyway.

Diplomatic sources here said that Christopher's current tour in the region coincides with the escalating tensions between Israel and pro-Iranian Hezbollah (or Party of God) guerrillas in south Lebanon.

On Sunday evening, following his arrival in Damascus, Christopher held talks with President Al-Asad to discuss peace talks with Israel. He is expected to ask Syrian leaders to pressure Hezbollah in order to stop its military operation against Israel.

Sources here said Christopher will brief President Al-Asad on the results of his latest talks with Israeli Prime Minister Yitzhaq Rabin on giving momentum to the peace process.

He will also convey proposals and ideas to the Syrian leadership for phased withdrawal from the strategic Golan Heights, captured by Israel in the 1967 Middle East war, in two years instead of eight years as previously proposed.

Syria demands a complete Israeli withdrawal from the Golan Heights before a peace agreement is achieved. But so far, Israel has only offered a phased and partial withdrawal over eight years which was rejected by Damascus.

Israel also insists that Syria spell out the terms of peace with Israel before it considers a complete withdrawal.

Political observers here said Christopher's current tour cannot make a major breakthrough on the Syrian-Israeli track although other tracks, the Jordanian-Israeli one in particular, have witnessed landmark progress.

However, this tour will strengthen the U.S. mediation efforts in this period.

The U.S. efforts focus on finding a compromise, between the positions of Israel and Syria, on shortening the period of the Israeli pullout from the Golan so that it may be finished before the coming Israeli general elections.

Meanwhile, the U.S. also tried to convince Syria to take a step toward normalization by the first stage of Israel's withdrawal.

Observers here noted that the success of Christopher's tour will depend upon the possibility of convincing Syria and Israel to agree on an agenda committing Israel to full withdrawal from the Golan Heights and Syria to a full peace with Israel.

#### **'Roundup' Views Israeli-Jordanian Peace Moves**

OW0708202694 Beijing XINHUA in English 1997  
GMT 7 Aug 94

["Roundup" by Kang Xingping: "Israel, Jordan Quicken Paces for Peace"]

[Text] Cairo, August 7 (XINHUA)—Israel and Jordan have taken steps to materialize what was spelled out in the Washington declaration signed by Jordan's King Husayn and Israeli Prime Minister Yitzhaq Rabin in Washington two weeks ago.

The declaration not only put an end to the 46-year-old state of war between the two countries but also initiated a series of events that will push the Middle East peace train to move forward.

On the day of the signing of the declaration, various activities were recorded in northern Israel, where children flew kites to their Jordanian counterparts marking the event and extending good wishes, and in the port city of Eilat where celebrations were held including a festive cruise of boats in the Gulf of Aqaba.

In an ice-breaking event on August 3, King Husayn piloted his special Royal Jordanian jet through Israeli airspace for the first time on his way home from Washington and exchanged greetings with Rabin, who was on the ground speaking on the phone and watching the jet hovering above.

This was the first time for King Husayn's plane flying over Tel Aviv and Jerusalem, accompanied by a squadron of Israel Air Force F-15 fighters, since Israel was founded in 1948, a significant gesture for Arab-Israeli reconciliation in the Middle East peace process.

Rabin expressed his welcome to Husayn, saying that "I am sure that the people of Israel are happy about the Washington declaration" which was approved in the Knesset, or Israeli parliament by an overwhelming majority.

The king thanked Rabin for the kind welcome, saying that he was very happy to "learn from you of the welcome that the Washington declaration has received in the Knesset. I hope, sir, that we meet before too long," the king noted.

On August 6, Israel began pumping water from the Jordan River into Jordanian territory to address Jordan's complaints and demand for a fair water sharing, which is one of the three major problems between the two countries.

Jordan welcomed the Israeli move. Jordan's Information Minister Jawad al-Anani described it as "promising," saying it was a "new initiative in the right direction." As water is an important source in the Middle East, Jordan and Israel had been at odds for decades over sharing water from the Jordan River and its tributaries.

Jordan had complained that it was getting only around 3.5 billion cubic feet of water a year while its share, according to unsigned agreements, should be 12.9 billion cubic feet.

In addition, the second round of the Jordanian-Israeli negotiations, planned to start on August 9, will deal with some of the issues which began to be examined in

Washington along with the opening of a crossing point between the Jordanian city of Aqaba and the Israeli city of Eilat.

Since last week, Jordanian and Israeli Army experts have been engaged in blowing up mine fields and tearing down barbed wire fences to facilitate the crossing in the Arava Desert, 3.5 kilometers north of Aqaba, to facilitate traveling by tourists from third countries.

Today in Jerusalem, U.S. Secretary of State Warren Christopher, who began his new Middle East shuttle in Egypt Saturday [6 August], discussed with Rabin, arrangements for the inauguration of the new border crossing between Jordan and Israel and his forthcoming meeting with King Husayn in the Jordanian Red Sea port city of Aqaba.

Also today, Israeli President Ezer Weizman invited King Husayn to visit Jerusalem at any time when the two leaders spoke on the phone inaugurating the direct phone calls between Israel and Jordan.

Weizman told the king that he hoped to travel together with him to the Lebanese capital of Beirut, the Syrian capital of Damascus and the Iraqi capital of Baghdad, demonstrating Israel's wish for an overall reconciliation with the Arab states.

This was also the first time that a president of the Jewish state had a conversation with the king, whom he had never met. The phone links are the latest tangible step in the peace process in two weeks since the signing of the Washington declaration.

On Monday, Rabin will hold talks with the king in the Jordanian port city of Aqaba and attend the ceremony to mark the opening of the border crossing, thereby making another dramatic step forward in the peace process between the two countries.

Compared with the Israeli-PLO track which experienced twists and turns such as the hebron massacre and the ensuing events that hindered the development of the peace process, the Israeli-Jordanian track has registered a much quicker and smoother development.

Along with the new border crossing to be opened Monday, new water sharing and the king's flight over Israel, the phone links are the latest tangible step in the peace process in less than three weeks since the signing of the Washington declaration on July 25.

The two countries have yet to agree to a formal peace treaty, which may have to await an Israel agreement with Syria, which was stalled over the issue of Golan Heights at present. However, the smaller steps are widely considered crucial for giving the public a sense of momentum in the peace process.

This is especially true for Jordan, where influential Islam fundamentalists oppose vehemently the reconciliation with the Jewish state and the Jordanian Government has to take precautions.

In addition, Jordan, in accordance with its repeated claim to coordinate stands among the Arab ranks, will have to wait at least for some time Syria to catch up with it in the current Middle East peace March, for which Christopher is making full effort in his capacity as the mediator.

The quickened pace toward normalization between Jordan and Israel will certainly have an impact on the Middle East peace process and a comprehensive settlement of the Arab-Israeli conflict.

### **Egyptian Defense Minister Returns From China, Pakistan**

OW0408222194 Beijing XINHUA in English 1853  
GMT 4 Aug 94

[Text] Cairo, August 4 (XINHUA)—Egyptian Minister of Defense and Military Production Field Marshal Mouammad Husayn Tantawi returned here after visiting China and Pakistan.

At a press conference held upon his arrival at Cairo international airport, the minister said he had held talks with Chinese and Pakistani officials on ways of developing cooperation with their countries in various fields, especially the military field.

On his visit to China, the Egyptian military official said that his trip was very successful as he held talks with Chinese Premier Li Peng and National Defense Minister Chi Haotian.

He also spoke highly of Chinese leaders' sincerity in boosting cooperation with Egypt.

The Egyptian minister toured China from July 26 to August 1 before visiting Pakistan.

### **Indian Delegation Seeks To Boost Trade, Cooperation**

HK0708073494 Beijing CHINA DAILY in English 6  
Aug 94 p 2

[By Chang Weimin: "Indians Here To Boost Trade"]

[Text] The business trip to China by India's National Development Forum is expected to boost Sino-Indian trade and economic co-operation.

Visiting Forum Chairman Mohan Panjabi said that in a few years' time annual bilateral trade volume will be several times the present \$700 million.

He said that the Indian Government and China's Ministry of Foreign Trade and Economic Co-operation (Moftec) have already prepared long lists in anticipation of an increase in trade.

Wu Yi, Minister of Foreign Trade and Economic Co-operation, was quoted as saying that prospects for trade between the world's two largest populous nations are good when she visited India early this year.

Bilateral trade last year was nearly two times that in 1992. In the first quarter of this year, it was \$108 million, compared with \$98 million in the same period last year.

Sharing a long common border, the two nations should and can have better business relations as well as closer cultural ties, Panjabi said.

He is leading a delegation consisting of industrial and commercial corporate executives on a business tour of Chinese cities from July 25-August 8.

Panjabi said that exchanges to promote better understanding and pave the way for brisk business will be conducted through the China Council for the Promotion of International Trade, the host of this visit.

The Indian group has visited Beijing, Shanghai, Hangzhou in Zhejiang Province, Guangzhou in Guangdong Province and Shenzhen, a special economic zone in the province.

This is the first China trip arranged by the National Development Forum. Panjabi said the forum will organize more trips to China.

He said that the visit has increased his delegation members' understanding of China's economy, State policies and market and that he believes the two nations long-term relations will strengthen further.

China can expect more Indian tourists in the near future, he said.

According to a Xinhua report, some Indian firms, such as Tatas, Bajaj Auto Ltd, Kinetic Honda Hero Honda, Mecon, Ranbaxy, Cadilla, Torrent Group, Lupin Laboratories, Core Pharmaceuticals, Orrisa Industries Ltd and Mideast India Ltd, plan to set up joint ventures with Chinese partners.

Tatas is discussing technical collaboration in light commercial vehicles, and Kinetic Honda and Hero Honda are considering exporting mopeds and auto parts to China either through direct exports or through expected joint ventures, the report says.

China-India relations, which have experienced ups and downs for the past four decades because of noneconomic reasons, have shown improvement after a visit to China by the Indian Prime Minister P.V. Narasimha Rao last year and visits to India by Chinese Trade Minister Wu Yi and Foreign Minister Qian Qichen early this year.

### **PRC, India Sign Civil Aviation Cooperation Protocol**

OW0708160594 Beijing XINHUA Domestic Service in Chinese 1530 GMT 5 Aug 94

[Text] New Delhi, 5 Aug (XINHUA)—China and India signed a "Sino-Indian Protocol on Scientific and Technological Cooperation on Civil Aviation" in New Delhi on 5 August.



According to the relevant provisions of the protocol, the aeronautical departments of the two countries will strengthen academic exchanges and sponsor forums on a regular basis to discuss cooperation in the field of civil aviation, including aeromechanics, materials science, and manufacturing know-how.

Zhang Yanzhong, head of a visiting Chinese aeronautical science and technology delegation, and president of the Aeronautical Research Institute, and (Rajic), president of India's State Aeronautical and Astronautical Research Institute, inked the protocol on behalf of the two countries.

#### **Pakistan, China Sign Trade Agreement**

OW0408165594 Beijing XINHUA in English 1536  
GMT 4 Aug 94

[Text] Islamabad, August 4 (XINHUA)—Pakistan and China signed a protocol of understanding on economic, trade and scientific cooperation here today.

The agreement was signed at the conclusion of the three-day ninth session of Pak-China Joint Economic Committee.

Li Guohua, Chinese vice minister for foreign trade and economic cooperation, and V.A. Jafari, advisor to Pakistan Prime Minister Benazir Bhutto on economic and economic affairs, signed the agreement on behalf of their respective governments.

The two sides reviewed and expressed satisfaction at the smooth progress of bilateral trade relations between the two countries.

They also identified new opportunities to further strengthen cooperation in the economic field and take further actions for expansion in trade.

#### **Sub-Saharan Africa**

##### **Trade Official Remarks on Ties With Africa; Ends Visit**

OW0808024794 Beijing XINHUA Domestic Service in Chinese 0416 GMT 6 Aug 94

[Text] Abidjan, 5 Aug (XINHUA)—Liu Shanzai, vice minister of foreign trade and economic cooperation, who headed a Chinese Government economic and trade delegation [to Africa], told a XINHUA reporter tonight that there are good prospects for economic and trade cooperation between China and African nations.

Liu Shanzai made the remarks before departing here for home after winding up a two-week trip to Mauritania, Ghana, and Ivory Coast. He said: Leaders of the three countries expressed the hope of further strengthening economic and trade ties with China. The Chinese delegation and economic and trade figures of the three

countries held specific discussions on plans for cooperation, and they jointly explored new ways to expand the fields of cooperation between the three countries and China.

##### **Vice Foreign Minister, Liberian Counterpart Discuss Ties**

OW0208224694 Beijing XINHUA in English 2209  
GMT 2 Aug 94

[By Gu Zhengqui]

[Text] Monrovia, August 2 (XINHUA)—Visiting Chinese deputy foreign minister Tian Zengpei and his Liberian counterpart Sulvester M. Grigsby [name as received] agreed here this afternoon to further develop bilateral friendship and cooperation between the two countries.

During their talks today, Tian voiced his satisfaction with the progress in the Sino-Liberian relations since the two countries resumed diplomatic ties in August last year.

"China is ready to continue to strengthen the friendly relations with Liberia on the basis of the five principles of peaceful coexistence," Tian said.

In response, Grigsby said his country is grateful to China for its active and constructive role in promoting the peace process in Liberia.

The Liberian deputy foreign minister expressed his hope to see more Chinese contributions towards the peace process in the West African country.

Meanwhile, Grigsby also briefed the Chinese deputy foreign minister on the progress in Liberia's peace process and some difficulties confronting the war-torn nation.

Tian said the Chinese Government welcomes the progress in the efforts to restore peace in Liberia, adding that such progress was achieved by the joint efforts of the international community, some African countries, regional organizations and the Liberian political factions in particular.

Tian voiced the hope that all Liberian parties will unite and cooperate in the interest of the country and the people.

During today's talks, the Liberian deputy foreign minister said Liberia, scrupulously abiding by non-interference in other countries' internal affairs, is willing to develop relations of friendship and cooperation with all countries in the world.

Also present at the talks today was Chinese Ambassador to Liberia Xu Cinong.

The Chinese deputy foreign minister arrived here this morning for an official visit to Liberia.



Tian is on a tour of four West African nations. Before he arrived here he made visits to Nigeria and Sierra Leone. He is expected to leave here for Conakry, Guinea, on Thursday [4 August].

#### **Tian Meets Liberia's Kpomakpor**

*OW0408054394 Beijing XINHUA in English 0505  
GMT 4 Aug 94*

[Text] Monrovia, August 3 (XINHUA)—The Sino-Liberian relations should be further strengthened, Tian Zengpei, visiting Chinese vice-minister of foreign affairs, and David D. Kpomakpor, chairman of the Council of State of the Liberian Transitional Government, said here this morning.

At the invitation of the Liberian Foreign Ministry, Tian arrived here on Tuesday for an official visit to Liberia, the third leg of his four-nation West African tour.

In a meeting with Kpomakpor, Tian said, "over the past one year since the restoration of diplomatic relations between our two countries, there has been some progress in bilateral relations."

According to Tian, China has provided Liberia some donations, though the quantity is not large, since the two countries resumed diplomatic ties last August.

Tian said that China is ready to develop cooperation with Liberia in trade, economic and scientific fields. "We will provide help to Liberia within our capacity."

In return, Kpomakpor said, "since our (government's) introduction into office (in March this year), this is the largest foreign delegation we have received," adding that "this is an indication of the interest that China attaches to the relations between our two countries."

Liberia's council of state is also known as the collective presidency. It is expected to lead the war-torn nation to general elections scheduled to start on September 7 this year.

"We'll do everything to further strengthen and solidify the relations" between Liberia and China, Kpomakpor said.

Tian also voiced his satisfaction with the Liberian Government's one-China policy and "the government's position not to develop official relations with Taiwan," an inalienable part of China.

On the Liberian crisis, Tian said, "as a permanent member of the UN Security Council, China has consistently supported the peace process in Liberia."

"We have voted for the relevant UN resolutions regarding Liberia, and China is also a participant in the UN military peace observing mission in this country," Tian said, "China is prepared to make continued efforts in the United Nations to advance the peace process."

In response, Kpomakpor said that Liberia is "very grateful" to China for its "assistance since the beginning of the conflict in our country."

He said, "we observe that you have voted in each case (in the UN Security Council) in the interest of Liberia."

Meanwhile, Kpomakpor appealed for "help and assistance not only from China but from other friendly countries."

"This means that we need a lot of things in cash and material to rescue our lives and our country," he said. "Because of the civil war, the resources are unavailable or inaccessible to the (Liberian) Government."

The Liberian crisis began after Charles Taylor, leader of the National Patriotic Front of Liberia, invaded from the neighboring Cote d'Ivoire to overthrow President Samuel Doe in 1989. The conflict in Liberia has claimed 150,000 lives and displaced 700,000 people over the past years.

#### **Tian Zengpei Meets With Guinea Foreign Ministry Official**

*OW0608055894 Beijing XINHUA in English 0444  
GMT 6 Aug 94*

[Text] Conakry, August 5 (XINHUA)—The international community, especially the developed nations, has a responsibility to help African nations get out of their current difficulties, a visiting Chinese official said here today.

They should help put the African states on the right track to economic development, Chinese Vice-Minister of Foreign Affairs Tian Zengpei added.

Meeting with Guinea's acting Foreign Minister Alseny Rene Gomez in the nation's Foreign Ministry, Tian said that the difficulties for African nations are brought about by the current international political and economic order, which he described as unjust and unreasonable.

"Therefore, a just, reasonable and new international political and economic order should be established on the basis of the Five Principles of Peaceful Coexistence," Tian said.

There are two wrong attitudes towards Africa, he said, one is neglect and the other is interfering in the internal affairs of African nations.

"China maintains that what the African countries need is attention and care not neglect," said Tian, adding that they also needed help without interference in their internal affairs.

"China and African nations share a lot in common because the two sides have similar historical experiences and confront the same tasks to achieve development," he said.

"Therefore, China is willing to strengthen relations of friendship and cooperation with African nations on the basis of the Five Principles of Peaceful Coexistence," he said.

Meanwhile, Gomez spoke highly of China's position to attach great importance to Africa while not interfering in their internal affairs.

Tian said, "Guinea has played an important role in solving regional problems and promoting regional cooperation in West Africa," he added.

Tian arrived here on Thursday [4 August] at the invitation of Guinea's foreign minister following official visits to Nigeria, Sierra Leone and Liberia. The Chinese vice-minister is scheduled to leave for home Saturday.

### Guinea Official Pledges One-China Stand

OW0608062594 Beijing XINHUA in English 0538  
GMT 6 Aug 94

[Text] Conakry, August 5 (XINHUA)—Guinea today assured China of its strict adherence to a one-China policy and promised to continue its efforts to watch out for conspiratorial activities by the representatives of Taiwan in the West African country and the region as a whole.

In a meeting with visiting Chinese Vice Minister of Foreign Affairs Tian Zengpei here this morning, the representative of Guinea's president, Alpha Tanoudi Camara, said that his country has been consistently on the alert against activities by Taiwan, and would never reverse this stand.

"As always, Guinea recognized the Government of the People's Republic of China as the sole legal government of the country and Taiwan as an inalienable part of China," he said.

In return, Tian expressed his appreciation of the Guinean stand, saying that "although we are aware of no such activities by Taiwan in Guinea, we hope that our Guinean friends will support China on this issue."

Camara, also general secretary of the state house [presidency], said that his government's stand on the Taiwan question is "not only in conformity with the interest of our two countries, but in conformity with the United Nations Charter."

Reviewing the progress of bilateral relations since the two countries established diplomatic relations on October 4, 1959, Tian said: "We in China are quite ready to develop friendship and cooperation in all fields with Guinea."

Guinea was the first country in sub-Sahara Africa to establish diplomatic ties with China in 1959.

"The smooth development of the Sino-Guinean ties has stood the test of time over the past three decades," Tian

said, adding that such a development is in the interest of the two countries and their peoples.

"China will continue to help Guinea within its capacity," Tian said.

Camara said that China's assistance to Guinea over the past three decades has played an important role in promoting the economic growth of the West African nation.

"Everybody in our country knows about China's contributions towards the economic development of Guinea and the Guineans will never forget them."

Also this morning, Tian held talks with Guinean acting Foreign Minister Alseny Rene Gomez, and both sides agreed to further bilateral friendship and cooperation.

"China's aid is seen everywhere in Guinea," said Gomez, who is also the minister of internal affairs and security.

Present at today's meeting was the Chinese ambassador to Guinea, Kong Minghui.

Tian arrived here on Thursday following his official visits to Nigeria, Sierra Leone and Liberia. The Chinese vice-minister and his entourage is expected to leave for home on Saturday.

### Tian Emphasizes Guinea Ties

OW0608062794 Beijing XINHUA in English 0528  
GMT 6 Aug 94

[Text] Conakry, August 5 (XINHUA)—Good relations between China and Guinea are of great significance to the economic development of the South-South cooperation, said a visiting Chinese official today.

Chinese Vice Foreign Minister Tian Zengpei, who arrived here on an official visit to Guinea on Thursday [4 August], made the statement at a handover ceremony for a maintenance project to be carried out on the People's Palace in the Guinea capital.

"China attaches great importance to the long-term good and friendly relations with Guinea and is willing to make continued contributions to the country's economic construction within its own capabilities and capacity," Tian said.

The sound quality of the maintenance work by the Chinese experts who started the project on June 21, 1993, was highly praised.

The People's Palace, built in 1967 with assistance from China, is the nation's political, economic and cultural center.

Tian is expected to leave for home tomorrow. Guinea is the last leg of his four-nation West Africa tour, which had taken him to Nigeria, Sierra Leone, Liberia and Guinea.

### **Tian Visit Strengthens Ties With 4 West African Nations**

*OW0708004394 Beijing XINHUA in English 2256  
GMT 6 Aug 94*

["News analysis" by Gu Zhenqiu]

[Text] Conakry, August 6 (XINHUA)—Chinese Vice-Minister of Foreign Affairs Tian Zengpei paid a visit to Nigeria, Sierra Leone, Liberia and Guinea from July 23 to August 6 at the invitation of the four west African nations' foreign ministries.

Tian's west Africa tour coincided with the critical time in the region, when the nations were taking painstaking efforts to stabilize the domestic political situation, and achieve peace and economic recovery.

In Nigeria, oil workers' strike to press for the release of opposition leader Moshood Abiola gradually spread to the whole nation, paralyzing the oil-rich nation's economic activities.

In Sierra Leone, the civil war in the border areas, brought about by the conflicts in the neighboring Liberia, remains a far cry from being ended at present.

On the other hand, the peace process in Liberia, guided by the Cotonou Peace Accord signed by major warring factions in the war-torn nation, developed far behind the schedule.

Unlike the three above-mentioned nations, Guinea enjoys a stable political situation at home. However, the French-speaking nation is also faced with difficulties in improving its economy and solving other problems in the society at large.

In a bid to promote the peace process in Liberia, leaders from Guinea, Sierra Leone and Liberia recently held a mini summit to discuss the problem. At present, leaders from the members of the Economic Community of West African States (ECOWAS) are meeting in Abuja, capital of Nigeria, to seek a proper solution to the Liberian crisis.

The Chinese vice-minister's visit to the four African countries are mainly aimed at increasing exchanges, strengthening friendship and expanding cooperation. On all occasions during the 10-day visits, Tian and his entourage were warmly received by their hosts.

During the tour, Tian held talks with leaders of the four west African nations on bilateral ties and regional and international issues of mutual interest.

According to the changes and development in the political and economic situation in the four nations, Tian put forward the following viewpoints.

First, China supports the efforts by the Governments of Nigeria, Sierra Leone, Liberia and Guinea to stabilize the political situation and develop economy, and hopes

that regional conflicts and wars be properly put to an end through peaceful consultations.

China holds that war and conflict can only bring about loss and disaster to the countries and region concerned. Therefore, it is hoped that all parties concerned can, in the interest of the people and nation, sit at the negotiation table to seek proper settlements to their problems.

Secondly, China respects other countries' choices of specific political systems, development modes and ideologies in the light of their situations. It is purely an internal affair of one country in regard with what kind of political system it will introduce and how to achieve democracy and protect human rights. This cannot be interfered by any foreign country.

Thirdly, China is ready to further develop the relations of friendship and cooperation in the political, economic, cultural and scientific and technological fields with all foreign nations. Such a development is fully in conformity with the interests of the two sides and their peoples, thus mirroring bright prospects and great potentiality.

Last but not least, China maintains that it is wrong to neglect Africa or interfere in the internal affairs of the African nations. The right choice is to pay attention to and help African countries.

Besides, China is willing to render continuous economic assistance to African nations within its capacity. And China also encourage its companies and enterprises to cooperate with their counterparts in Africa so as to strengthen the economic cooperation.

In return, the leaders of the four visited nations shared high appreciation of China's independent foreign policy of peace and great achievements in China's drive to restructure economy and open up to the outside world. Apart from this, they also spoke highly of the friendship and unity between China and African countries. They voiced their hopes that China continue to take advantage of its status and influence as a permanent member of the United Nations Security Council to make greater contributions towards resolving regional conflicts in Africa and establishing a just, reasonable, balanced and new international political and economic order.

During their meetings with visiting Tian, the leaders of the four nations all voiced their firm determinations to adhere to the one-China policy and maintain only unofficial ties with Taiwan, an inalienable part of China.

Tian and his entourage is expected to leave here for home this evening. This visit will surely be of great significance in further developing relations of friendship and cooperation between China and African countries.

### **Military Envoy's Reception Celebrates Army Day in Zimbabwe**

*OW0108180594 Beijing XINHUA in English 1628  
GMT 1 Aug 94*

[Text] Harare, August 1 (XINHUA)—Chinese military attache to Zimbabwe Wang Xubo gave a reception at the



Holiday Inn here today to mark the 67th anniversary of the founding of the Chinese People's Liberation Army.

Attending the reception, among the over 120 guests, were Zimbabwean Secretary of Defense Dr. J.M. Whabira, Army Commander Lt. Gen. C.G. Chiwenga and Air Marshal P. Shiri.

Chinese Ambassador to Zimbabwe Gu Xiner was also present at the reception, which proceeded in a cordial and friendly atmosphere.

### West Europe

#### Joint Project With EC To Control Spread of AIDS

HK0508103894 Beijing CHINA DAILY in English 5  
Aug 94 p 1

[By Zhu Baoxia: "Chinese Project With EC To Control Spread of AIDS"]

[Text] The Ministry of Public Health yesterday announced a three-year project with the European Community (EC) to control the spread of Sids (sexually transmitted diseases) and AIDS in China.

The project comes at a time when the country is facing a marked increase in the incidence of venereal diseases.

In the first quarter of this year, 28 provinces, municipalities and autonomous regions registered 54,000 patients with AIDS, a rise of 39 percent compared with the same period last year.

Data from the ministry showed that 1.13 million Sids cases have been reported across the country in the past 17 years.

Meanwhile, a total of 1,435 HIV positive cases have been detected as of the end of last month. The first Chinese case was reported in 1985.

Of the HIV carriers, 1,174 are mainland Chinese, and over 70 percent were infected through intravenous drug use.

The EC will provide some \$2 million for the project, which is to be launched in September. The Chinese Government will also help fund the programme, according to Wu Guogao, a ministry division chief in charge of international exchanges.

The programme will focus on training laboratory technicians and doctors with the world's latest techniques for testing and treating various sexually transmitted diseases in order to curb the spread of HIV, which can lead to the killer disease of AIDS.

Although China is still a low-level infection country, the government has and will continue to treat AIDS with great concern, according to Wang Zhao, a ministry official with the anti-epidemic division.

She said that the country will seek more international support to "seize the still-opportune chances to make greater efforts in a steadfast manner for addressing the dangers posed by AIDS to society and mankind."

According to a written report that Vice-Minister Yin Dakui prepared for the upcoming 10th International Conference on AIDS China has done much in recent years in the field of AIDS management, surveillance publicity, education, training and scientific research.

A six-person governmental delegation, headed by Yin and 20 to 30 other medical specialists from across the country, will attend the five-day meeting, which starts on Sunday in Yokohama, Japan.

It will be the first time for an international conference on AIDS to be held in Asia, a region threatened by an explosive growth in H'V cases.

The World Health Organization (WHO) says 30 million to 40 million people are expected to be infected with HIV by the year 2000. Ten million of them will be Asians.

#### Austrian Official Urges Strengthening of Relations

OW0308045994 Beijing XINHUA in English 0312  
GMT 3 Aug 94

[Text] Vienna, August 2 (XINHUA)—The development of cooperative relations with China is very important for the Austrian economy, Austria's Social Democratic Party (SPD) Foreign Policy Spokesman Peter Schieder declared today.

Schieder, also chairman of the Foreign Policy Commission of the National Council, made the remarks after Austria's Foreign Minister, Alois Mock, said Monday his country was keen to strengthen its economic relations with Asian countries, especially China.

Schieder expressed his support for Mock's statement, adding that Chancellor Franz Vranitzky had already begun to formulate relevant policies.

#### Sino-British Companies To Expand Power Plant

OW0208064394 Beijing XINHUA in English 0629  
GMT 2 Aug 94

[Text] Shanghai, August 2 (XINHUA)—Chinese and British companies will jointly undertake the second phase of a power plant in Jiaying county, Zhejiang Province.

The project has been approved by the State Planning Commission, and is being built by the Zhejiang provincial power development company, the East China Power Corporation and the China International Trust and Investment Corporation, and the General Electric Company plc (GEC) and another British power corporation.

Planned with four 600,000-kilowatt generating units, the second phase project is being built with a total investment of 11.6 billion yuan, of which 41 percent will come from the British side and the rest from the Chinese side.

According to plan, two 300,000-kilowatt generating units being built in the first construction phase will go into operation next year.

The plant will have a total generating capacity of three million kilowatts when it goes into full operation.

### **Britain Welcomes Yugoslav Break With Bosnian Serbs**

*OW0408222694 Beijing XINHUA in English 2110  
GMT 4 Aug 94*

[Text] London, August 4 (XINHUA)—Britain today welcomed Yugoslavia's decision to sever all political and economic ties with the Bosnian Serbs, saying that it is a "significant step" towards peace.

Commenting on the Yugoslav Government's dramatic move announced earlier today, a Foreign Office spokesman said: "It is a significant step forward if it is effective."

But he added that Britain would judge the development by its results.

The Yugoslav Government's move follows the decision of the Bosnian Serbs to reject the settlement of the Bosnian conflict proposed by the "Contact Group".

The government has announced that the common frontier with the self-styled Bosnian Serb Republic will be closed from midnight and only consignments of food, clothes and medicine will be allowed to cross.

And Bosnian Serb leaders are also being barred from Yugoslav territory.

Britain is a member of the five-nation "Contact Group" that drew up the peace plan and has called for tighter sanctions against the Bosnian Serbs if they fail to reverse their rejection of the proposed division of Bosnia.

### **Li Ximing Meets German Parliamentarians**

*OW0608083794 Beijing XINHUA in English 0823  
GMT 6 Aug 94*

[Text] Beijing, August 6 (XINHUA)—Vice-Chairman Li Ximing of the Standing Committee of the Chinese National People's Congress (NPC) met with Gunther Heyenn, chairman of the Labor and Welfare System Committee of the German Federal Assembly, and other German parliamentarians here today.

They agreed that the two sides should make joint efforts to promote further exchanges between the NPC and the German Federal Assembly.

Since their arrival yesterday, the visitors have held discussions with leading officials of the financial and

economic affairs committee under the NPC and the Labor Ministry on strengthening the legal system and the social welfare network under a market economy.

The visitors are scheduled to tour Xian, Wuhan and Shenzhen during their week-long China tour.

## **East Europe**

### **Bosnian Serbs Not To Accept Peace Plan**

*OW0408165394 Beijing XINHUA in English 1505  
GMT 4 Aug 94*

[Text] Belgrade, August 4 (XINHUA)—Bosnian Serb leader Radovan Karadzic said that if the territorial distribution provisions in the latest international peace plan were adjusted in favor of the Bosnian Serbs, they would accept it.

Karadzic expressed this view in an interview with the REUTER NEWS AGENCY after the Bosnian Serb assembly voted once again late last night to reject the peace plan, and called for a referendum to endorse their decision, the TANJUG NEWS AGENCY reported today.

Karadzic said that if the Bosnian Serbs succeeded in changing the territorial division plan before the referendum, the Serb response could be "yes"; if nothing is changed regarding territory and constitutional arrangements that would guarantee the self-proclaimed Serb republic, most Bosnian Serbs would say "no."

According to TANJUG, President of the Bosnian Serb Assembly Momcilo Krajisnik said that the Assembly could not accept the peace plan because acceptance would mean suicide for the Serbian people.

### **Yugoslavia Cuts Ties With Bosnian Serbs**

*OW0408172994 Beijing XINHUA in English 1712  
GMT 4 Aug 94*

[Text] Belgrade, August 4 (XINHUA)—Yugoslavia said today it had decided to break off all political and economic ties with the Bosnian Serbs over their rejection of the latest peace plan made by the five-nation contact group.

The decision was made earlier in the day at a government meeting of Yugoslavia, which comprises Serbia and Montenegro, the official TANJUG NEWS AGENCY reported.

"The leadership of the (Bosnian Serb self-declared) Republic of Srpska, by rejecting peace, has committed the most serious act against the Federal Republic of Yugoslavia, the Serbian and Montenegrin people and all citizens who live in these territories," said a government statement quoted by TANJUG.

The Yugoslav Government decided to cut all political and economic links with Bosnian Serbs and bar entry for

all leaders of the Serb-held territory, including members of its self-declared parliament, presidency and government, it said.

Yugoslavia's borders with neighboring Bosnia would as of today be shut to all deliveries except food, medicine and clothing, it said.

In a letter to the Bosnian Serb leaders on August 2, the Serbian Government urged them to accept the peace plan unconditionally. Otherwise, it would cut all ties to Bosnian Serbs.

But on August 3, the Bosnian Serbs' self-styled assembly rejected the plan for the third time in less than a month and called for a referendum on August 27 and 28 to decide whether to accept it.

The international peace plan envisages a partition of Bosnia roughly in half between a Muslim-Croat federation and the Bosnian Serbs, who now hold about 70 percent of the land.

#### **EU-Designated Official Undertakes Mostar Administration**

*OW2407050194 Beijing XINHUA in English 0349  
GMT 24 Jul 94*

[Text] Belgrade, July 23 (XINHUA)—A magistrate named by the European Union (EU) took over administration of Bosnia's divided southern city of Mostar today in continued international efforts to bring peace to the war-torn republic.

The magistrate, Hans Koschnich of Germany, was appointed administrator of Mostar by the EU in accordance with a U.S.-sponsored Muslim-Croat Federation agreement signed in Washington in March.

Under the federation agreement and a relevant protocol signed in Geneva on July 5, Mostar, populated jointly by Muslims and Croats, was to be placed under EU administration.

Bosnia's Muslim-led government forces and rival Croats fought for more than one year for control of Mostar before the federation agreement was signed. But the city remains divided with the Croats on the western side of the Neretva River and the Muslims on the eastern side.

During his two-year tenure in Mostar, Koschnich's main target is to organize reconstruction of the war-ruined city and to restore normal life to the civilians.

However, the magistrate's job appears to be tough as 40 to 60 percent of the buildings in Mostar have been destroyed or seriously damaged during the war.

Speaking at a ceremony for the takeover of administration in Mostar, Koschnich said, "The European Union is determined to help this miserable city."

Bosnia's Muslim leader Alija Izetbegovic, Muslim-Croat Federation President Kreshmir Zubak, Croat President Franjo Tudjman and German Foreign Minister Klaus Kinkel also attended the ceremony and made separate speeches.

#### **Charge d'Affairs Meets With FYROM Foreign Minister**

*HK0808065394 Beijing XINHUA Domestic Service in  
Chinese 0509 GMT 5 Aug 94*

[Text] Skopje, 4 Aug (XINHUA)—Stevo Crvenkovski, minister in charge of foreign relations of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], met with Li Shuyuan, charge d'affaires ad interim of the PRC Embassy in Macedonia, and had a friendly conversation with him here on 4 August.

Li Shuyuan arrived in Skopje, the capital of the Republic of Macedonia, on 25 July. China and Macedonia officially established diplomatic ties at the ambassadorial level on 12 October 1993.

**Political & Social****Hong Kong Columnist 'Disappointed' by Deng Biography***HK0908052294 Hong Kong SOUTH CHINA MORNING POST in English 9 Aug 94 p 9*

[By Geoffrey Crothall in Beijing]

[Text] Readers hoping to gain new insight into the life of the man who has ruled China for the past 16 years will be sorely disappointed by the new biography of Deng Xiaoping brought out to celebrate his 90th birthday on August 22.

Deng Xiaoping in History: A Great Man and His Century, published by the People's Liberation Army Arts and Literature Publishing House this week, is little more than a poorly edited collection of articles, most of which have already been published.

Apart from a few previously unpublished recollections from Mr Deng's comrades in arms, the 730,000-character, two volume edition contains hardly any new information and is far less readable than the biography put out by Mr Deng's daughter, Deng Rong, last year.

Although the book follows Mr Deng's career up to this year, there is no specific mention of the 1989 pro-democracy demonstrations in Beijing or of Mr Deng's role in suppressing them. There is one vague reference to "young, ignorant students" being manipulated by the forces opposed to Marxism and the Communist Party.

The book does contain an account of how Mr Deng orchestrated the 1983 crackdown on crime and a chapter on the "secret" military meetings held in Beijing in the early 1980s, although much sensitive information has been deleted.

**Labor Activist Seeks Asylum in 'Third Country'****Shen Yuan Escapes 27 Jul***HK0908054794 Hong Kong EASTERN EXPRESS in English 9 Aug 94 p 1*

[By Bruce Gilley]

[Text] A prominent mainland labour activist, Shen Yinhan has escaped from China and is seeking political asylum in a third country.

Shen's escape, which follows a similar daring exit by another mainland labour activist, Wang Jiaqi, in March, is expected to greatly embarrass the Chinese government. Shen left the country on July 27 as part of a tour party. Once out of China, he told the group he had to go to the washroom and ran away.

"I was the group leader. I gave all the plane tickets and papers to another person and never went back," he said. "I was scared but we were in a group so I knew my

chances were better." He says he has enough money to last him until the end of this month.

Those familiar with his case said he was "highly unlikely" to be sent back to China because of his dissident status.

Shen, 32, was jailed for 18 months after the 1989 Tiananmen Square uprising, during which he acted as the secretary-general of the outlawed Beijing Workers Autonomous Federation. He has expressed concerns for the safety of his wife and six-year-old daughter, left behind in Beijing.

"I want to say to the Chinese government that their safety must be protected no matter what," Shen said. He has expressed the desire to be given political asylum in the United States, where most of his escaped colleagues from the Beijing Workers Federation have gone.

Shen has only a Chinese tourist visa for identification. His mainland identity card is in the hands of the travel agent that organised the tour group.

Shen claims he was in danger of arrest in June for his involvement in a group called the China Autonomous Workers Federation, of which he was chairman. Shen said the executive chairman of the workers federation, is Liu Huanwen, who was arrested on July 10 for participation in unofficial worker and religious groups. In the lead-up to the fifth anniversary of the Tiananmen Square protests this year, Shen was told by friends to go into hiding. Beijing public security officers went to arrest him at his home on June 3, but he was already gone. After lying low in Beijing for seven weeks, Shen decided the danger to him was not subsiding.

The continued crackdown on religious, political and labour dissidents in the capital prompted him to take the decision to flee the country.

He sent a letter to his wife saying he was on a business trip and could be gone for a long time.

"I could not tell them much in the letter because I wasn't sure what would happen," he said. "I just hope they understand my reasons for leaving."

Shen hired a taxi to take him to Tianjin on July 23. From there he flew to a coastal city. With 11,500 renminbi (HK\$10,200 [Hong Kong dollars]), he bribed Guangxi province officials to issue him with a passport to join the tour group. Beijing authorities would never have given him a passport because of his background.

Shen says once he is in a foreign country he intends to concentrate on mobilising international support for his newly founded federation.

"I don't intend to overthrow the Communist Party. I just want to correct certain injustices which exist in the country," he said.



"China needs a new political system which will rectify the corruption of the Communist Party and protect the rights of workers."

#### Further on Labor Activist

HK0908060494 Hong Kong EASTERN EXPRESS in English 9 Aug 94 p 9

[By Bruce Gilley]

[Text] The escape from China of labour activist Shen Yinhan has provide further evidence of the mainland's growing but fragmented workers' movement.

Shen, who said he has been working behind the scenes for several years to establish a network of union contacts throughout the provinces, is now seeking political asylum in a third country. The former secretary general of the outlawed Beijing Workers Autonomous Federation said he hoped to continue working to improve the lot of Chinese workers while abroad.

Shen, 32, claims to have set up a successor body to the outlawed federation, called the China Workers Autonomous Federation (CWAF), of which he is the chairman. The executive chairman, he said, is Liu Huanwen, who was detained in Beijing early last month for involvement in unofficial worker activities.

The new federation is not connected to another significant free trade union set up in March, whose main leader, Liu Nianchun, has also been detained, he said.

Shen has established contacts "in every city and province" during the three years since he was released from prison for his part in the Tiananmen Square protests. His involvement in the unofficial workers' movement in China dates from the 1989 uprising, of which the Beijing Workers Federation was an integral part.

A former party cadre of the 2,800-member Beijing International Airport building section trade union, Shen joined the failed movement of 1989 out of "disgust" with the treatment of workers in his union, he said.

"The party controlled everything. There were no guarantees and no true representation of the concerns of workers," he said.

Once the protests began, he took to the streets with relish, ignoring the protests of his wife, who had given birth to their daughter less than a year earlier. During the protests, Shen tore up his Communist Party membership card, which he had obtained while serving a three-year stint in the People's Liberation Army after graduating from university in 1979.

He was one of the representatives of the workers federation sent in May 1989 to regular meetings of the Capital Joint Liaison Group, the loose umbrella organisation for the Beijing protests. The formation of that group, according to some analysts, frightened Deng Xiaoping into sending tanks into the square weeks later.

Shen was detained for two days in late May, but released after colleagues staged a sit-in outside the Beijing Public Security Bureau.

After the massacre, a "most wanted" bill was issued for Shen's arrest. He fled to Fujian province, where he was tracked down by police in Shishi city on June 15, 1989.

"They beat me until my ears bled. Even now I have trouble hearing with my left ear," he said.

Shen said he was forced to sign a confession in the provincial capital Fuzhou on June 17 before being escorted back to Beijing by train in the custody of four police officers.

"The mainland media gave great prominence to my arrest on June 18. When I arrived back in Beijing, my relatives were all very worried."

In his confession, Shen was forced to admit to the charge of fomenting "counterrevolutionary riots". He was locked up in a 12 square-metre room with 26 serious criminals in the Paoju Detention Centre in Beijing, where most leaders of the Beijing federation, including Han Dongfang, were kept.

Shen once found himself sharing the same cell with an adviser of the Beijing Workers Federation, but says guards kept a careful watch to make sure the two did not communicate.

He was prepared for incarceration of at least 15 years, and was surprised when released on six-months' probation in October 1990. He later learned that pressure by foreign governments and human rights groups helped effect his release which was officially confirmed by the Chinese government in November 1991 in reply to inquiries from Washington.

As with many dissidents convicted for taking part in the 1989 uprising, Shen had trouble finding a job after his release. His former work unit, as well as another state enterprise, turned him away, forcing him to take a job as a medical equipment salesman at a private company.

The China Autonomous Workers Federation was not familiar to dissidents EASTERN EXPRESS contacted in Beijing.

Han Dongfang has reportedly declined to join Shen's group.

The federation's future Shen admits, "will depend on greater scope for manoeuvre from the Chinese government".

#### Shenzhen Official Comments on Foreign National's Case

HK0808145694 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1005 GMT 21 Jul 94

[By reporter Wang Min (3769 2549): "The Chairman of the Former Shenzhen Yuanze Company Has Been Arrested and Will Be Tried]

[Text] Shenzhen, 21 Jul (ZHONGGUO TONGXUN SHE)—The sensational Yuanye case in Shenzhen is being handled. After reorganization, the company's name has been changed to "Shiji Xingyuan" and former board chairman Peng Jiandong has been arrested. Several days ago, this reporter interviewed an official of the Shenzhen City Procuratorate on some questions of common interest.

The official said: Peng Jiandong, 35, is a native of Jiexi County, Guangdong Province. Before coming to work as a business operator in a Shenzhen commercial plaza in 1983, he was a projectionist of a film company in Guangdong's Lufeng County. From 1985 to 1986, Peng Jiandong was investigated by the Shenzhen City People's Procuratorate for involvement in economic crimes. He was exempted from a lawsuit after 14 months detention. He was a person with a criminal record.

Peng Jiandong was general manager, member of the board, and chairman of the board of the Yuanye Company from July 1987 to 1992. During this period, he was involved in embezzling a large sum of public money by taking advantage of his posts, withholding facts, and collaborating with outsiders. He committed serious crimes of corruption and embezzlement. The amount of public money he embezzled was huge and the way he committed the crime was despicable. The procuratorate is busy handling this case and will submit it to the court as soon as possible.

On Peng Jiandong's foreign national status, the official said: Peng Jiandong resorted to deceptive means of concealing his crimes and imitating his superior's handwriting in obtaining a passport. Subsequently, he changed the Yuanye Company's investment in Australia to his personal investment to acquire eligibility for immigration. In the meantime, he embezzled some of the company's investment funds for the payment of immigration charges to obtain Australian citizenship. According to the provisions of mainland criminal law, this law applies to a person committing a crime on PRC soil, no matter what his nationality is; he will be dealt with according to this law for the crime he has committed.

On Peng Jiandong's detention period, the official said: There are explicit written stipulations in mainland criminal procedural law regarding the extension of a detention period. If a major and complicated case still remains unresolved after the extension of the detention period approved by the higher procuratorate, the Supreme People's Procuratorate may submit a report to the National People's Congress [NPC] Standing Committee for approval of further extension. The Shenzhen City Procuratorate's investigation department, taking account of the complexity of Peng Jiandong's case, strictly abided by legal procedures in extending his detention period. It had obtained the approval of the NPC Standing Committee for the extension of his detention period so that the case could be handled, therefore this was legal.

The official further pointed out: After Peng Jiandong was arrested, he said he was unwell with his liver and stomach and asked for a medical check and treatment. In line with humanitarianism, the relevant department showed much concern for his health and gave him several checks, but there were no signs of serious illness. It provided medical treatment for his minor disease and recently sent him to a hospital for an overall checkup. The result of the checkup indicated that he was only suffering from light urethritis and periodontitis. He is now basically in good physical condition.

So far Peng Jiandong's criminal case has not been submitted to the court for trial. The official indicated that because this case involves a wide range of issues and is complicated, to a degree this has affected the investigation of the case. Now the Shenzhen City Procuratorate is busily investigating the case and collecting evidence so that it can be submitted to the court for trial as early as possible.

#### Article Commemorates Xie Juezai

HK0808123894 Beijing RENMIN RIBAO in Chinese  
10 Jul 94 p 4

[Article by Xi Zhongxun (5045 0112 8113), Song Renqiong (1345 0117 4522), Wu Xiuquan (0124 0208 2938), Wang Shoudao (3769 7445 6670), and Ma Wenrui (7456 2429 3843): "Model of Being Honest in Performing Official Duties, and Good Example of Enforcing Law Impartially—Commemorating Comrade Xie Juezai's (6200 6030 0762) 110th Birthday"]

[Text] During the period of Central Soviet Area, Comrade Xie Juezai—together with Xu Teli [1776 3676 4539], Dong Biwu [5516 1801 2976], and Lin Boqu [2651 0130 3255], as well as He Shuheng, [0149 0647 5899], who was a deputy to the First CPC Congress—were respectfully called the "five venerables of the Soviet Area." When the Red Army went on the Long March, He Shuheng stayed behind in the Soviet Area, and later was killed by the enemy. When the Red Army arrived in northern Shaanxi after the Long March, Xie Juezai—together with Xu, Dong, Lin, and Wu Yuzhang [0702 3768 4545]—again reputedly were called the "five venerables of Yanan" by the whole party and the whole border area.

Venerable Xie, one of the "five venerables", was a proletarian revolutionary and statesman of the older generation of the CPC, and a social activist of noble character and high prestige. During the revolutionary war years, he was engaged in the work of the party and government, the United Front, justice, and the press, and he performed immortal feats for the party and the people. After the founding of the PRC, he made important contributions to party building; to the establishment and improvement of the people's democratic system, social welfare services; and to United Front work. He was an outstanding journalist fighter of the CPC at its early stage, and an important founder of the people's

judicial system of China. During his later years, he was vice chairman of the Chinese People's Political Consultative Conference, and he continued to devote his share of mental and physical efforts to United Front work.

#### **Making Light of Difficulties and Dangers, and Loyal to the Revolution**

In 1919, when the May Fourth Movement broke out, Xie Juezai actively organized teachers and students to take part in the anti-imperialist and antifeudal struggle, and he openly posted in school the large posters "Severely punish traitors," and "Every man has a share of responsibility for the fate of his country." In 1920, Xie left school and went to Changsha to serve as chief editor of a revolutionary publication, HUNAN TONGSU BAO [3275 0589 6638 0198 1032—HUNAN POPULAR NEWSPAPER]. When the newspaper office held its first meeting, Mao Zedong, as person in charge of the primary school attached to the Hunan No. One Normal School, also attended the meeting. He cordially talked with Xie about policies for running the newspaper.

In January 1921, recommended by Mao Zedong and He Shuheng, Xie joined the Xinmin Society; he joined the CPC in 1925. In 1926, when the peasant movement in Hunan was surging forward, he was a committee member of the Hunan Special Court of the Kuomintang (during the period of Kuomintang-Communist cooperation). Making use of his legitimate status, he dealt blows at illegal acts by local tyrants and evil gentry, and he protected the interests of the laboring people. In May 1927, "Ma Ri Incident" broke out in Changsha. When the city was enveloped in White terror, someone tried to persuade the venerable Xie to withdraw from the CPC, which Xie sternly refused to do. In an elegiac couplet, he expressed his firm confidence: "Life is nothing but small dust; the body is left to give back to earth." He resolutely went to Wuhan in disguise, and edited DAJIANG BAO [1129 3068 1032—Big River Gazette] jointly with Xu Teli.

In March 1928, after innumerable hardships, Xie came to Shanghai. The CPC Central Committee decided that he should act as chief editor of HONGQI [4767 2475—RED FLAG], organ of the Central Committee. In a time of adversity, he met Mao Zedong, who was then responsible person of the Central Committee's Publishing Department, and together they studied the publishing of HONGQI. In 1931, according to the needs of the situation, he was transferred to the revolutionary base area in western Hunan and Hubei to serve as chief editor of GONGNONG RIBAO [1562 6593 2480 1032—WORKER-PEASANT DAILY]. There, he carried out a tenacious struggle against the "Left" opportunist line.

In April 1933, the Venerable Xie came from Shanghai to the Central Soviet Area, and became Mao Zedong's secretary. Soon he was secretary general and minister of internal affairs of the central government. He helped Mao Zedong to enact some important decrees and regulations.

In October 1934, the Venerable Xie took part in the world-famous Long March, together with the Venerables Dong and Xu. Old, but vigorous, he took hardship as pleasure all the way, and often told historical stories to encourage everyone to forge ahead courageously. When the Red Army arrived in northern Shaanxi, the Venerable Xie served as minister of internal affairs and concurrently secretary general of Northwest Office of the central government, and later as minister of justice and concurrently president of the Supreme Court of the Shaanxi, Gansu, and Ningxia Border Area. During this period, he founded the miniature of the people's judicial system under the revolutionary regime, and became one of the founders of China's revolutionary judicial system.

In July 1937, after the Lugouqiao Incident, the War of Resistance Against Japan developed in an overall manner. During this critical and difficult moment, the Central Committee decided to send the Venerable Xie to Lanzhou, a place of hardships and dangers, to be the Central Committee's representative stationed at the Lanzhou Office to develop the work of the anti-Japanese national united front. He faithfully carried out the policy put forward by the CPC Central Committee and Comrade Mao Zedong, and launched reasonable, advantageous, and step-by-step struggles against the Kuomintang authorities. Moreover, he also rescued a large number of scattered members of the West Route Army by going through various kinds of difficulties and obstacles. Many of them were senior cadres of the CPC and the Chinese Army, thus he made important contributions to winning victory for the revolution.

#### **Be Honest in Performing Official Duties, and Seeking Truth From Facts**

Seeking no personal gain, or undeserved reputation throughout his life, Xie Juezai was honest in performing official duties. Hard work and plain living, and seeking truth from facts over several decades, he was a willing servant of the people. He was a good example of being honest in the performance of official duties, and a good example of seeking truth from facts.

In February 1939, the Venerable Xie was transferred to act as vice president of the Central Party school. To overcome difficulties with the lack of funds, he mobilized everyone to open up wasteland for farming, and to raise pigs and chickens, so as to improve living and build up the students' health. He also set up the Zhongshan Cooperative, and they built a canteen and an auditorium by themselves. When the auditorium was completed, Mao Zedong personally wrote an inscription "Seeking Truth From Facts" on a large horizontal board. Since then, the well-known saying "Seeking Truth From Facts" has become the ideological line and fine tradition of the CPC, and was the guiding idea and criterion of action for the Venerable Xie throughout his life. After the founding of the Shaanxi, Gansu, and Ningxia Border Area, the Venerable Xie was vice secretary of the Border Area Central Bureau and concurrently secretary general of the



border area government, and he presided over the work of the Legislative Assembly. During his tenure of office—being diligent and conscientious, and aiming at various practical problems that existed at that time—he often published articles in XIN ZHONGHUA BAO [2450 0022 5478 1032—NEW CHINA NEWSPAPER], organ of the CPC Central Committee, opposing all kinds of work styles and conduct that did not seek truth from facts and were not honest in the performance of official duties.

During the Yanan rectification campaign, the Venerable Xie—with his broad-mindedness and the noble sentiment born with him—spoke out on just grounds, and argued strongly against the wind for many comrades who had been wronged. In the capacity of CPC Central Committee representative at the "Lanzhou No. Eight Office" at the time, he took risks to defend the so-called "Red Flag Party." Finally, the whole truth came out, and many people were rehabilitated.

The Venerable Xie was proficient and diligent in government affairs. In an earthen cave, in the light of an oil-lamp, he attended to government affairs every day, and often wrote articles and diaries. Finally he broke down from constant overwork. In many of his letters sent to the Venerable Xie, Mao Zedong wrote earnestly on one occasion: "The dead are dead, and those who are alive must pay proper attention. Both you and the Venerable Lin should make proper readjustments of your work and life, and must never overwork." However, he still worked his heart out day and night for the political power and economic development of the border area, and to reduce the sufferings of the masses of the people. Just as the elderly comrades in Yanan said when they celebrated the Venerable Xie's birthday and presented him with poems: "Anxiously he devotes himself to the cause of the party, and more assiduously he works for the interests of the people; with his lofty seat in the Legislative Assembly, he is respectfully called senior, and is universally acclaimed, far and wide."

#### A Good Judge of the People

Xie Juezai was both an important founder of the revolutionary judicial system, and a good judge for enforcing the law impartially.

During the earliest period of the Central Soviet Area, he took part in the enactment of the Chinese people's first "Electoral Law," "Land Law," "Labor Law," "Marriage Regulations," "Tax Regulations," "Regulations Regarding the Punishment of Counterrevolutionaries," and "Regulations Regarding the Punishment of Embezzlers," which played an important role in consolidating and developing the revolutionary base area, and also made the first step for China's legislation work. At the First China Soviet Congress, he was elected a member of the Central Executive Committee, and concurrently acted as chief of the worker-peasant procuratorial department, deputy minister of internal affairs, and

chairman of the Supreme Court of the central government, thus again creating practical experiences and setting up a law-enforcement model for China's revolutionary judicial work and administration of justice.

In November 1945, according to a decision by the Central Committee, a Constitutional Study Society was set up in the border area government, with the Venerable Xie as leading member. He first organized criticizing the "May Fifth Draft Constitution" drafted by the Kuomintang Government, and started drafting the New Democratic Constitution. In the revolutionary "Outline Draft Constitution," he made clear-cut stipulations on the future state system and the system of government, as well as the people's democratic rights and electoral system. In June 1946, with the approval of the Central Committee Secretariat, the Central Legal Problems Research Committee was set up on the basis of the Constitutional Study Society, with the Venerable Xie as chairman. He wrote a letter to Mao Zedong on behalf of the committee, saying: "We vow to make great efforts to do a good job in legislation work, so as to greet the great victory of the liberation of China under your command." He also put forward a number of important legal viewpoints, and pointed out resolutely and in a clear-cut manner that "China must have its own legislative principles: Seek truth from facts, proceed from the actual situation, and enact laws with Chinese characteristics." He believed that "good laws are fair and reasonable." It was under these legislative principles, on which the Venerable Xie invariably insisted, that China's first brand-new revolutionary draft constitution, the "Shaanxi, Gansu, Ningxia Border Area Draft Constitution," was completed on 28 November 1946, in the first legal study society in the history of the Chinese revolution. Moreover, the Civil Law, Criminal Law, and Land Law also were drafted. These were major contributions—the first in history—to the Chinese people and the Chinese revolution.

On 7 March 1947, according to a decision by the Central Committee, the Legal Committee withdrew from Yanan and was transferred to Houganquan Village, Linxian County, Shanxi Province. There—braving bombing by enemy planes, and to greet the liberation of the whole of China—the Legal Committee drafted the first draft constitution of New China and several other draft laws. Xie Juezai demanded that "new laws not only should break through the old limits in contents, they must not be constrained by old forms. They should be made easily understood by the broad masses of the people." On 22 October, that year, carrying these drafts with him, the Venerable Xie crossed the Yellow River to the west, and returned to northern Shaanxi to report to the CPC Central Committee. In the temporary residence of the Central Committee on Mount Baiyun, in Jiaxian County, he discussed the constitution and several draft laws with Mao Zedong, Zhou Enlai, Ren Bishi [0117 1732 2514], and other leaders of the Central Committee, thereby making necessary legislative preparations for the founding of New China.

In August 1948, when the North China People's Government was founded, the Venerable Xie was government member and minister of justice. The first thing he did in office was to run a judicial training class and train the first batch of judicial cadres for New China. He insisted on making outlines for lectures by himself, and lectured for three hours every day. On the eve of the founding of the PRC, and after Beijing was taken over, the original Chaoyang University was changed into the University of Political Science and Law of China, and the Venerable Xie served as president of the first University of Political Science and Law of new China, while training a large number of judicial cadres for all China.

After the founding of New China, the Venerable Xie was minister of internal affairs, and served concurrently as vice president of the China New Law Research Institute. He continued taking part in the drafting and revision work for the first constitution, and presided over the drafting of the "Electoral Law" and several constituent acts.

In March 1959, Xie Juezai was elected president of the Supreme Court. After arriving at his post, he first proposed changing in real earnest the problem of low quality in handling cases. He stressed that it was necessary to restore the normal judicial system of courts; to handle cases more accurately, more meticulously, and in a down-to-earth manner; and to ensure that there would be no indulgence, no excessive leniency, no escape, and no mistakes. To realize these requirements, the Venerable Xie not just handled cases personally and demonstrated by typical examples, but also went down to courts of various localities in China, investigated major and important cases, and read the files in person, thus correcting many wrong, fake, and mistaken cases, and enabling courts—the instruments of dictatorship—to deal more forceful blows at criminals, while better protecting the normal rights and interests of the people.

The Venerable Xie enforced the law impartially all his life, and was a good public servant and a good judge of the people. We should learn this kind of spirit from him, and make new contributions to building socialism with Chinese characteristics, as well as to reform and opening-up.

#### Journalist Visits 'Concentration Camp'

PY0208132594 Sao Paulo ISTOE in Portuguese 20 Jul 94 pp 66, 67, 68, 69

[Article by Floriano Flores in Qinghai, PRC]

[Text] Life in Nuomuhong oasis, in the heart of the PRC, means long and boring days. After sunrise at 0400, the day seems to pass slowly as the sun's rays brown people all day long until it sets over the Qinghai desert at around 2100. Nuomuhong oasis is different from the others. No traveller on the highway south to Nuomuhong dares enter it. Terribly infamous, the place is a "laogai"—the PRC version of the Soviet gulag—a concentration camp

for the "enemies" of the Communist regime. It houses some 900 men, sentenced to long penalties and hard labor. The stories that are heard about the laogai are so dramatic that it was surprising to see how easily I could enter and leave one of them without being bothered by the guards. It was in Nuomuhong, the vertex of a "triangle of terror" that this camp forms with Xiangride and Delingha. They are all in Qinghai Province—known as the Chinese Siberia—where 25 camps house 600,000 prisoners.

A laogai is a strange prison. It has neither fence nor walls. Prisoners work dressed in dark blue canvas and big straw hats. The silent desert gives a false impression of freedom. In June I stayed at one of those camps for 23 minutes, with photographer Jerome Thompson and a REUTER news agency cameraman. It was so easy to enter that I thought it would be easy for prisoners to escape. They told me stories of violence, torture, injustice, and even jokes. Some complained about the Communist Party secretary, who gives them one hour of political indoctrination a day. Yet no one spoke about escape attempts. In some areas I saw little red flags nailed to the ground, just like those in soccer fields. "They are the flags of death," a prisoner explained. If anyone attempts to escape, he will come into an open field. He will be an easy target for soldiers. Soldiers are watching from small towers, armed with rifles and machine guns. They are People's Liberation Army (PLA) soldiers, and their orders are to shoot to kill. It is almost impossible to escape from a laogai.

Getting inside is easy. Thinking differently from the bunch in power will do. The Human Rights in China [preceding three words in English] (HRC) organization, which preserves human rights in the country from its headquarters in New York, estimates that 50 percent of the 1.2 million prisoners—common and political prisoners—in the nearly 1,000 PRC prisons have had no trial. Not all of them are innocent, yet not all of them are criminals, either. The problem is that without a trial, it is difficult to know whether a person is a criminal or the victim of injustice. Between the prominent political prisoners—like the dissidents who have access to the international press—and the crowd of common prisoners, there are thousands of Chinese who are the victims of the paranoia of the repressive apparatus of the PRC dictatorship. The judicial branch is controlled by the Communist Party. In practice, the fate of prisoners is decided by the Public Security Bureau, with its 20 million policemen. Under the law of the Communist regime, those policemen can send any citizen to a laogai (which in the Chinese language means camp for rehabilitation through labor).

Common criminals, couples that had more children than allowed by the government's family planning policy, landless peasants who entered areas controlled by party bosses, critics of the regime, and homosexuals are sent to the camps. Not even abandoned mentally ill people are safe. Everything is done without documents, without a

trial. Prisons are full of people in that situation. Claiming that it is a "domestic affair," the PRC Government has refused to discuss the subject with the international community. The Human Rights in China report says this problem is more serious than that of political dissidents, who are just the top of the iceberg.

The Nuomuhong-Delingha-Xiangride triangle houses almost 300,000 inmates. Facilities range from a small prison for 200 Tibetans to prison cities housing 100,000 inmates each. Delingha has a coal mine, and prisoners get hard labor, like it or not. The annual death toll is 1,000 miners. Dujan, a cattle ranch that feeds soldiers, has 60,000 uniformed cowboys. Top security prisons are located inside open laogais, in inaccessible places. Some prisons are located in unknown places, like prison Number 5, located somewhere between Golmud and Ngoring Hu. They have coal, iron, or nickel mines or wheat farms.

Communist leader Mao Zedong (1893-1976) created the laogai to make things hard for the "enemy." In 1949, after the Chinese revolution, he transformed the inhospitable Qinghai region into a prison-province.

He sent there the "members of the bourgeoisie, capitalists, and henchmen of imperialism," along with the members of the defeated Kuomintang (Nationalist Party) Army. For 30 years, no foreigners were allowed into Qinghai. The region has always housed so many prisoners that its population of almost 700,000 would double if the prisoners were included in a census.

At the most rigid times of the Communist regime, Qinghai held 1 million prisoners. Who knows what has become of them. As time went by, the Qinghai concentration camps have come to hold priests, dissidents, homosexuals, and common prisoners.

After the country was opened to foreigners in the eighties, the government allowed the arrival of millions of tourists into Qinghai. This province is an obligatory passage to Tibet. Golmud, in the center of Qinghai, is the last Chinese railway stop at the foot of the Himalayas. Tourists arrive there very tired. They complain that the city is unclean and horrible, with a lot of dirt and high prices. As soon as they can, they leave for a 40-hour trip to the "top of the world," attracted by the extraordinary landscape of the white peaks and by the mystical Lhasa (Tibetan capital). Tourists travel between Golmud and Xining, capital of Qinghai, staring out the windows of their air-conditioned trains or buses. Very few attempt to disembark, and if they do, they have the unpleasant surprise of being told by the police to continue their trip. Many towns and oases hide prisons, military installations, and secret industries. The Chinese themselves know that. It is of no use to ask the guides from the government tourism agency about this because they either do not know or they are prohibited to speak about the subject.

These oases and towns are not common, so that is why they are not included on maps. Many dissidents, especially the less known, are in nameless prisons, near roads

that are also not on maps. For 41 days, between May and June, we toured the roads of Tibet, Xinjiang, and Qinghai until we managed to enter a laogai—something that no Western journalist has been able to do before. We were able to see from far away some prisons, but we could not come near because they were heavily guarded. We then found out that many people in the towns were plainclothes military personnel. A casual conversation with one of them immediately prompted the appearance of an armed platoon.

During our trip we sought more precise information. A Chinese police officer of the Uygur ethnic group complained with regard to his chiefs and gave us some information. A truck driver who had delivered some goods to a laogai gave us more information. A prisoner's wife who we interviewed on a train gave us valuable information. A taxi driver who was taking Russian wheat buyers to an Army unit gave us the last clues. From now on in this article, some names of individuals and places have been changed or omitted to protect our sources of information. This is necessary because it is known that the Chinese XINHUA NEWS AGENCY, which has an office in Brazil, monitors the principal foreign publications and sends the Chinese Government reports on them. We took a taxi to the laogai. The taxi was of an indefinite make, made in [preceding two words in English] Poland, probably imported during the time the two countries were socialist friends. It was old, noisy, and falling apart, but cheap. For \$50 the driver, Mrs. Yu, drove us the 200 km that separate the Xiangride concentration camp from Nuomuhong. At 1100, with the sun at its peak, a man appeared on the horizon, coming from a small green line that seemed to be an oasis. We stopped the car to observe that poor soul pitifully walking in the sun. He began to run toward us. He arrived breathing heavily and asked us for a lift. The man, 45, was dressed in a Mao-style tunic. The white cap he wore on his head indicated that he was of the Hui ethnic group and a Muslim. "I went to visit my son in the laogai," he said. We asked him how to get there. He was willing to guide us. He showed us his passport, a blue booklet from the Qinghai Penal Department.

At exactly 1230 we were on a small road branching out from the main highway, and this road led to the laogai. We rechecked our story. If the guards stopped us, we were lost tourists who were looking for a restaurant. The taxi was going 30 km per hour, hitting every pothole. At the sides of this narrow road to the laogai we observed groups of armed soldiers. A hamlet was ahead, 3 km from us, but it seemed as if we would never arrive. Our guide warned us that there was a shaky wooden gate at the entrance. We then observed on our right groups of prisoners working in construction. In front of them, red flags marked a line of death. We observed more soldiers perched atop a shack. They did not stop our taxi. The driver explained that we would have to stop on our way out because there was no other road. To attempt to drive through the desert would be suicidal.



The photographer and the cameraman waited until the guards walked away from us to begin operating their cameras through our windows. We could not stop and talk to the prisoners right in front of the Army personnel. We went on. In five minutes we were already in the middle of the oasis. Everything was green as a result of artificial irrigation. Perhaps because of the hour, no one could be seen in the fields. We then stopped at a small dam from the stream irrigation system. There they were, all sitting under the shade: eight men sentenced by the Communist regime. They were all wearing dark blue canvas and big straw hats. They were more surprised than us. There were no guards, however, because the prisoners were inside territory marked by the red flags and no surveillance was required there. A hard and tense dialogue began. Only the cameraman spoke Chinese. The first prisoner said: "I have done nothing and have been here for six years." The second asked: "Who are you?" Another mentioned violence: "Here at the camp, the guards beat us for no reason at all. They demand that we work hard and those who complain are beaten," he lamented. A thin man with bulging eyes complained: "I have spent a week in solitary confinement."

Another began to cry and he asked us to take a letter to his mother, whom he had not seen in the past nine years. However, he did not know her address. All of them wanted to speak at the same time. Two of them confessed they were arrested for robbery. Another refused to tell us what he did, three others said they were innocent, and two alleged political persecution. None gave his name. "I am here without having been tried. I was arrested by order of my work unit leader because I did not want to participate in a robbery," a 50-year-old man said. "I have been here for 12 years. I am going to get out of here some day to take revenge," he poured out.

All the prisoners' faces were burnt by the sun, wrinkled, and some of them had Chinese characters and dragon tattoos on their chests and arms. They looked like any prisoner in the rest of the world, a bit toothless and dirty. They described their prison routine. They must wake up at 0500, eat a rice soup, and at six everyone goes to work in the fields. "The food we produce here is taken to be sold in the restaurants. The guards keep all the money," a labor leader complained. In the afternoon, they return to work in the fields. They work on Saturdays and Sundays, nearly every day of the year. "We are slaves, horses, everything. They only let us rest when it is very cold, because they do not want to go out into the cold," another prisoner said. "Our food is rationed," complained a corpulent prisoner with a shaved head. "My son was tortured when he came here to teach him who commands in this camp," the guide told us. "I received electric shocks in my genitals because I did not hear a guard calling me," the thin man who had been confined said regretfully. "We return to our cells in the evening, after working 12 hours nonstop," another man complained. "And we must still listen to political indoctrination," he added with irony. The prisoners described the cells to which they return every night as a place

impossible not to be seen when entering, and as "rough, like cages or pigpens." "We have to sleep laying one beside the other on account of the cold temperatures. Sometimes they chain us like dogs," said the man who did not want to tell why he is imprisoned.

None of them knew what is going on in the outside world. In the fields, the prisoners cannot read, watch television, or listen to the radio. A fast questioning session revealed that four of them are illiterate. A 60-year-old man complained: "My daughter came from Tibet to visit me and she was raped by the soldiers here, on this road." Another prisoner kept talking with a thermos bottle. He probably was one of the mentally handicapped sent here because he could not be cared for elsewhere. The corpulent man with the shaved head kept beating the ground with a stick, repeating, "When will I get out of here?" Someone interrupted him by saying "never." One of them got up and began to run to the fields. Where was he going? No one answered.

Our team decided to leave. As we got into the car, we removed the films from our cameras and videos and hid them. We began to leave. How would we pass the guards on our way out? It is 1220. A windstorm began, the kind you see on the movies, stirring up sand, making whirlwinds in the desert. At 1223 we arrived at the laogai's gate. A soldier ordered our car to stop. The other soldiers ran to take cover from the wind. The soldier who ordered us to stop shoved his head inside our car, with one hand on his gun and the other holding his cap. He must have been 18 years old, at the most. He mouth dropped open when he saw our blond, blue-eyed camerawoman. She smiled at him. His job was to detect possible fugitives—his mind was frantically sorting out instructions on what to do about a group of foreigners. Before he made up his mind, our camerawoman said "zai jian," which means goodbye in Chinese. He did not react. Anyway, no enemy of socialism was leaving the perimeter marked by the red flags—only a few of their stories.

#### **'New Progress' Made in Antinarcotics Work**

HK0908003294 Beijing LIAOWANG in Chinese No 27,  
4 Jul 94 pp 32-33

[By Huang Haixia (7806 3189 7209): "New Progress Made in Antinarcotics Work in China"]

[Text] The increasingly serious drug problem has become a disastrous problem of concern to the whole world. It is also encroaching upon China, which has opened up to the outside world. On the eve of the 26 June International Antidrug Day, our reporter learned from the National Narcotics Control Commission that the antidrug struggle launched comprehensively and energetically by the Chinese Government has achieved remarkable results in organizing propaganda against drug abuse and illicit trafficking, perfecting the legal system against drugs, cracking down on drug crimes, and strengthening international co-operation.



**Drug Trafficking Across the border Has Caused a Resurgence of the Drug Problem**

In modern history, China was a country victimized by opium smoking. The great imperialist powers launched two Opium Wars against China, seriously impairing our people both physically and mentally. On the eve of the founding of new China in 1949, the area openly cultivated with opium poppy covered over one million hectares. Of its 400 million people at that time, more than 300,000 made a living by producing and selling drugs, and about 20 million were drug addicts. After the founding of New China, the central government took determined measures. In the short period of just three years, it managed to totally ban opium smoking, which had jeopardized our country for over a century. This great undertaking was supported wholeheartedly by the people of all nationalities, and also won wide praise from international opinion.

Thirty years later, with the encroachment of the international drug waves, the once basically disappeared drug problem made a comeback in China, as international drug syndicates and traffickers took advantage of China's opening to the outside world in the early 1980s. They sent drugs from the "Golden Triangle" into the international drug market via China, with Hong Kong as a transfer post.

As everybody knows, in the world today, Southeast Asia's "Golden Triangle" is one of the main sources of drugs like opium. Our long southwestern border, adjoining "the Golden Triangle," is without natural barriers. Stimulated by the ever-increasing demand from the international drug consumer markets, especially from the European and U.S. markets, the drug output of the "Golden Triangle" keeps increasing annually. Its opium output rose from around 700 tonnes in the mid-1980's to 2,000 tonnes since 1990. Moreover, they have set up several dozen heroin-processing workshops outside the border. In late 1970's, drug traffickers from outside our border carried out small-scale drug infiltration only into our border area of Yunnan. In the mid-1980's, the international drug syndicates and traffickers tried, by hook or crook, to take advantage of our opening the border and its specific geographical conditions to open up the so-called "Chinese passage" and make China the border country for trafficking drugs produced in the "Golden Triangle."

With the increase of drug trafficking activities via China, more and more drugs circulate inside the territory, bringing along drug consumption and the spread of drug addiction. Since the mid-1980's, not only has the number of drug addicts in the border area of Yunnan increased, but the drug problem also gradually occurred in some inland places where drug traffickers across the border had set foot. Now there are more than 250,000 drug addicts on record in our country. Most among them are teenagers, and crimes caused by drug addiction are common occurrences. In order to get money for drugs,

some male drug addicts commit theft and robbery, while some female drug addicts prostitute themselves. They endanger social security and corrupt social values. Drug addiction also causes the spread of AIDS. By May 1993, our country had discovered 775 AIDS virus carriers who had been infected with the disease through drug injection. In recent years, illegal planting of opium poppy keeps occurring because of the appearance of drug consumption in our country and the stimulation of staggering drug profits. Although the illegal plantings are located mainly in distant mountainous areas and forest regions and have not yet become major operations, people are greatly concerned about it.

In the face of this grim drug situation, the Chinese Government increased its force to crack down on drug crimes, and a comprehensive people's war against drugs was unfolded.

**Increase the Force To Comprehensively Unfold Narcotics Control Work**

The CPC Central Committee and the State Council have always paid great attention to and shown great concern about narcotics control. When the phenomenon of drug trafficking across the border made its first appearance in the early 1980's, they issued successive directives in 1981 and 1982 to require that localities investigate and ban it determinedly. In 1982, the State Council granted Yunnan Province a special police establishment to set up a professional antinarcotics unit. In the struggle to "crack down hard on serious crimes" which began in 1983 and lasted for over three years, drug crime was made one of its major targets. In 1989, the party Central Committee and the State council again listed the drug problem as one of the "six vices" and continued to carry on the struggle against drug crimes. In 1989 and 1991, the state again increased the special antinarcotics establishment for those provinces with serious drug problems. In November 1990, the State Council decided to set up the National Narcotics Control Commission, formed by the leaders of 16 ministries and commissions. This commission is responsible for studying and laying down important policies and measures against drug abuse and illicit trafficking, co-ordinating relevant important issues, and giving unified leadership to national antinarcotics work. In the past few years, under the leadership of the party Central Committee and the State Council, antidrug units at all levels unfolded antinarcotics work throughout the country with remarkable results as they persisted in carrying out the antidrug policy of practicing the three bans simultaneously—the ban on drug trafficking, the ban on drug cultivation, and the ban on drug abuse; blocking drug supplies and circulation; and bringing about a temporary solution while also getting at the root.

According to an official of the State Narcotics Control Commission, the measure of first importance which China has taken to crack down on drug crimes is to block drug-trafficking across the borders, with local security

units working closely with the customs in antinarcotics work. Taking into consideration the characteristics of cross-border drug trafficking crimes, the units concerned in Guangxi and Yunnan strengthened the work of blocking, intercepting, inspecting, and filing charges against drugs at the borders and the work of building the "three defensive lines". At the same time, they actively carried out investigation and intelligence work on special cases. As a result, there has been an evident increase in the number of major cases solved. Other provinces and regions that have to crack down on cross-border drug-trafficking crimes also took active measures. Consequently, a number of criminal rings have been dug up. The customs in places of key importance arranged strict defense and tightened check-ups, with an ever-increasing track-down rate. The railway public security units strengthened control over certain key routes, sections, stations and trains, and seized a batch of criminals. Localities also paid attention to cracking down on scattered drug traffickers. They traced scattered drug dealers to their sources so as to control the drug customer markets.

After the drug problem emerged again in our country, our country's legislative body promptly amended and supplemented the relevant laws and regulations on punishing drug crimes. In 1985, it approved our country's accession to the 1961 UN Convention on Narcotic Drugs and the 1971 Convention on Psychotropic Drugs. China was among the first group of nations to sign and approve the 1988 UN Convention Against Illicit Trafficking of Narcotic and Psychotropic Drugs. In view of the seriousness of the drug problem in the country and in consideration of converging with international convention, the Standing Committee of the National People's Congress, the legislative body of our country, adopted the Decision on Narcotics Control in December 1990. It is an antinarcotics law with Chinese characteristics which fully embodies the policy against drug cultivation, drug trafficking, and drug abuse. It also provides a powerful legal weapon for seriously cracking down on criminals who smuggle, traffic, transport and produce drugs; for banning raw drug plant cultivation and drug-taking, and carrying out addiction treatment according to the law.

In recent years, all key regions have given full play to the role of the mass media to energetically publicize state laws and government measures against narcotics, and to spread knowledge about the damage caused to the human body by narcotics. They have paid special attention to focusing their work on teenagers and young people, who are the ones mostly subject to drug addiction. The National Narcotics Control Commission and the State Education Commission jointly compiled, examined, and approved a "Reader on Antidrug Education," with middle school students as the main targets. The Audio-Visual Education Center of the State Education Commission also made a video entitled "Drugs—the Source of All Evil" to carry out antidrug education among middle school students. As our government paid

attention to antidrug propaganda and preventive education, it managed to raise the people's awareness of narcotics control and to mobilize social forces to get involved in the fight against drugs so as to check the spread of the bad habit of drug addiction.

#### **Great Achievements in the Implementation of the Antinarcotics Policy**

In order to hit hard at cross-border drug trafficking so that traffickers dare not come, to intercept drugs once they get inside the territory, and to prevent them from spreading to other parts of the country and from crossing the border to do harm to the international community, the National Narcotics Control Commission, since 1993, has made special arrangements to strengthen antidrug work along the southwestern border, and it has achieved remarkable results. Evident progress has been made in national narcotic control work.

—Crack down hard on drug crimes, with the focus on strengthening the force to crack down on cross-border drug trafficking activities along the southwestern border.

In 1993, all localities strengthened law enforcement work against narcotics and achieved remarkable results in solving major cases, solving scattered drug trafficking cases, and catching smugglers. The nation as a whole solved 26,191 drug cases in which 40,834 people were involved. In addition, 4,459 kg of heroin and 3,354 kg of opium were seized, along with 90 tonnes of chemicals for producing drugs—such as acetic anhydride—all which were intended to be smuggled out of the country. A total of 7,677 drug criminals were arrested and 6,137 were given penalties. Among them, 1,410 were sentenced to life imprisonment or death (including suspended death sentences).

In June 1993, the Public Security Ministry held a conference in Nanning on combating shotguns and drugs in the southwestern border area. It studied and made arrangements for strengthening work against drugs in the southwestern border area and pushed the work against drugs in Yunnan and Guangxi forcefully, especially along the border. The result was notable, as the heroin seized in Yunnan and Guangxi accounted for 82 percent of the nation's total, while the opium seized in these two places accounted for 70 percent of the nation's total.

—New progress made in the work against drug-taking and in addiction treatment work. Now there are more than 200 compulsory rehabilitation centers in the country, which treated 50,000 persons on different occasions in 1993, as well as 64 rehabilitation-through-labor centers, with 15,000 persons undergoing antiaddiction therapy.

Yunnan Province has made remarkable achievements in its work against drug addiction and in its rehabilitation work. Based on the general survey and registration of drug addicts in the province, it unfolded its monitoring

work and launched preventive education and addiction treatment work in a well-planned way. Monitoring statistics shows that it has kept under control the situation in which the number of new addicts kept increasing in previous years. There has appeared a gratifying phenomenon in that the number of new addicts keeps decreasing. The Yunnan Provincial Government also has issued the *Methods for Managing Rehabilitation Centers in Yunnan Province*.

—Achievements have been made in the work against drug cultivation and in drug eradication, the administrative control of psychotropic drugs has been strengthened, and export control over chemicals for drug production has been put into practice.

To deal with the sporadic and illicit cultivation of raw drug plants which had appeared in some places, public security units—under the unified leadership of the governments at all levels—launched the work of banning and eradicating drug cultivation. In particular, they carried on propaganda work and legal education before the season for sowing and planting opium poppy. Consequently their work achieved notable results. Once they discovered any raw drug plants cultivated illegally, they eradicated them. They also hunted down and dealt according to the law with a number of law breakers and criminals who had cultivated raw drug plants.

The National Narcotic Control Commission transmitted the State Administration of Medicine's regulations on the management of ephedrine, and a circular on strengthening management over its production and operation, as well as the Health Ministry's regulations on strengthening management of hydrochloride dihydroetorphine [yan suan er qing ai tuo fei 7770 6808 0059 8641 1002 2094 0803]. It also put forward concrete requirements for tightening control over narcotics and psychotropic drugs and for preventing their entering illegal channels.

According to the requirements of the UN Convention Against Illicit Trafficking of Narcotics and Psychotropic Drugs, the Ministry of Foreign Trade and Economic Cooperation began, as of 1 April 1993, to exercise export controls over 22 chemicals which the United Nations requires to be put under control. Progress also was made in the administrative control of chemicals for drug production in our country. In view of the fact that the chemicals for drug production which were intercepted in the border of Yunnan came mostly from Sichuan Province, the Sichuan Provincial People's Congress Standing Committee adopted the Sichuan Provincial Narcotics Control Regulations, and made it a rule that the transport of chemicals for drug production should have a permit.

—Actively promote international cooperation in narcotics control

In view of the harm to the international community and to China caused by a source of drugs outside the border

and by cross-border drug trafficking, the National Narcotics Control Commission attaches great importance to international cooperation in the field of drug control and to the fulfillment of international obligations. In February 1993, it submitted to the UN secretary general a report on how the Chinese Government carried out the UN Global Program of Action for drug control. It actively spread China's drug control principles and policies, as well as the remarkable results achieved in its antinarcotics work in various spheres. It actively supported and took part in the cooperation in drug control in the Asian region which was initiated by the UN Narcotics Control Board. In October 1993, when the Chinese delegation attended the special conference on drug control of the 48th UN General Assembly, it signed a memorandum of cooperation in drug control with the UN Narcotics Control Board, Thailand, Burma, and Laos. The Chinese antidrug law enforcement departments have always adopted an active attitude toward international cooperation in tracking down and handling drug cases and toward assisting in the investigation of clues. In this respect, they have maintained good, cooperative relationships with the countries and regions concerned.

During the 26 June International Antidrug Day, all localities carried out antidrug propaganda activities in a great variety of forms. Yunnan Province held antidrug rallies in key prefectures and cities to announce judgments on serious drug criminals, arousing very great repercussions. China will further increase the strength of its antinarcotics work so as to curb and crack down on drug crimes effectively, said an official of the National Narcotics Control Commission.

#### **Fourth Plenum To Focus on Economy, Party Building**

*HK0908071394 Hong Kong LIEN HO PAO in Chinese 9 Aug 94 p 1*

[By Han Chien-hua (7281 0494 5478) and Wang Li-chuan (3076 5461 4831) in Beijing: "CPC To Hold Fourth Plenary Session in October To Review Party Building and Change of State-Owned Enterprise Mechanism"]

[Text] A reliable source says that the Fourth Plenary Session of the 14th CPC Central Committee will be held in early October. The main topics of the plenum will include economic work, changing mechanisms of large- and medium-sized state enterprises, and party building. It has been reported that following the fourth plenum, the CPC Central Committee will hold a party building work conference to implement the important instructions of the fourth plenum on party building.

Economic work will be the focus of the fourth plenum. As the overall planning for the establishment of a socialist market economic system and the program of action for economic structural reform for the 1990's, the



"Decision on Certain Questions Concerning the Establishment of a Socialist Market Economic System," which was adopted by the Third Plenary Session of the 14th CPC Central Committee last November, proposed establishing a modern enterprise system and a market system, as well as a series of reforms of the financial, taxation, planning, investment, and foreign capital systems. The convocation of the fourth plenum is aimed at reviewing the economic reforms introduced over the past year. It is said that the main concept of the mainland's economic reform will be "stability" and handling well the relationship between "reform, development, and stability."

Changing the mechanisms of large- and medium-sized state enterprises will also be an important topic at the fourth plenum. The main idea is to establish a modern enterprise system. At present, large- and medium-sized state enterprises are suffering serious deficits. According to estimates by mainland economists, 70 percent of large- and medium-sized enterprises are suffering deficits, far exceeding the 50 percent claimed by the authorities.

According to the source, because of slow progress in the experiments conducted to change the mechanisms of state enterprises under the central authorities' "plan for ten thousand, one thousand, one hundred, and ten project," some local governments have introduced reforms in the operational mechanisms of state enterprises and have applied the shareholding system and privatization to change the ownership of state enterprises. As there are different understandings and practices between the central and the localities in changing state enterprises' mechanisms, the fourth plenum will seek unity of action in this sphere.

Reportedly, the CPC Central Committee has agreed that the establishment of a modern enterprise system should be taken as the direction for reform of state enterprises. Localities can explore effective forms of public ownership and the microeconomic organizational form of the state economy under the conditions of a socialist market economy. However, they are not allowed to rashly change the predominant position of public ownership.

The fourth plenum will also discuss the topic of party building, which includes enhancing party style, party discipline, and improving basic-level party organizations; accelerating the training of outstanding successors; and making preparations for work which transcends the century. The plenum will emphasize further strengthening the fundamental, overall, steady, and protracted nature of the party's institutional building. On enhancing party style, it is necessary to maintain the party's close ties with the masses. The key to rectifying the general social mood lies in a correct party style. Moreover, the plenum will also discuss the development of party organizations in foreign-funded enterprises.

The source continued: In light of the spirit of the fourth plenum, the CPC will hold a national party building

work conference after the fourth plenum to implement the plenum's instructions on party building.

### Beijing Trains Skilled Workers for AIDS Labs

OW0508111894 Beijing XINHUA in English 0940  
GMT 5 Aug 94

[Text] Beijing, August 5 (XINHUA)—Workers in China's labs for confirming cases of AIDS (acquired immune deficiency syndrome) recently gathered together in Beijing to receive a week-long professional training from experts of the United States, HEALTH NEWS reported.

The newspaper quoted officials with epidemic diseases control department of the Ministry of Public Health as saying that the trainees will act as tutors in the future for training more workers of primary screening in AIDS labs in their localities.

China has listed construction of AIDS labs and screening of AIDS virus as one of the important measures for the country to prevent and control the spread of AIDS.

Up to May this year, China had 12 labs for confirming AIDS cases and 276 primary screening centers since the country set up its first AIDS lab in 1985.

So far, these AIDS labs and primary screening centers have helped find out 1,361 cases positive of AIDS virus, according to the newspapers.

### Commentator on New Regulations on State Security Law

HK0908004494 Beijing FAZHI RIBAO in Chinese  
14 Jul 94 p 1

[Commentator's article: "Fully Use the Law as a Weapon To Safeguard State Security as Well as Social and Political Stability"]

[Text] At its 19th routine session, the State Council deliberated and adopted the "Detailed Regulations on the Implementation of the State Security Law of the People's Republic of China" (shortened to "Detailed Regulations on Implementation" hereinafter), which has already been promulgated and implemented. This will play an important role in further implementing and enforcing the "State Security Law of the People's Republic of China," effectively looking out for and halting law-breaking behavior that endangers state security, and safeguarding state security and social and political stability.

Since the Seventh National People's Congress Standing Committee deliberated and adopted the "State Security Law" on 22 February 1993, through a year-long extensive propaganda and implementation by party and government organizations and enterprises and institutions in various places, various regulations in this law have played their due role in the fight to safeguard national



security, and the broad masses of people have universally somewhat increased their awareness of state security. However, with the changes in the development of the world and domestic situations, China has met with many new conditions and issues in safeguarding national security and social and political stability. In particular, some hostile organizations abroad have been stepping up collusion with a handful of hostile elements at home, plotting and carrying out various sabotage activities endangering China's state security, and have created a serious threat to China's political stability and economic development. What calls for our vigilance is the fact that to escape legal sanctions, those hostile organizations and elements at home and abroad are doing everything they can to find loopholes in China's existing laws in a vain attempt to cover their illegal activities in so-called "legitimate" forms. For example, some people abroad violated China's relevant rules and regulations to contact hostile elements at home, turning a deaf ear to our dissuasion, or masterminded schemes, or gave the latter aid in all forms. Some organs and organizations abroad distributed propaganda articles on attacking the Chinese Government inside China's borders. Other hostile elements outside China's borders entered Chinese territory under various pretexts and directly conducted antigovernment activities inside the borders. For greater convenience in operation and implementation of the "State Security Law" to meet the pressing need of safeguarding state security and social and political stability today and for a certain period, the State Council has formulated and promulgated the "Detailed Regulations on the Implementation of the State Security Law" to set further specific regulations on related clauses in the "State Security Law." This is very necessary and timely.

The key to implementing and enforcing the "Detailed Regulations on Implementation" lies in earnestly studying and becoming familiar with the law itself and the regulations; it is a compulsory course for state security organs at all levels and what all citizens and organizations must earnestly achieve. Such being the case, party and government organizations and enterprises and institutions at all levels must fully see the importance of the formulation of the "Detailed Regulations on Implementation," and organize the broad cadres and masses to study and grasp its contents and spiritual essence to consciously perform the obligation to safeguard state security. It is all the more necessary for state security organs to grasp the enforcement of the "Detailed Regulations on Implementation" as an important matter, to strictly implement the various rules and regulations in the "Detailed Regulations" in work practice, to handle law-breaking behavior that endangers state security in accordance with the law, and to give full play to the power of the law, decrees, rules and regulations to insure the smooth progress of China's reform, opening up and modernization.

### Correction to Deng in 'Excellent Health'

HK0608040094

The following correction pertains to the item headlined "Bridge Partner Says Deng in 'Excellent Health,'" published in the 5 August China DAILY REPORT, page 6:

Column one, first paragraph, from the end of first sentence to the beginning of second sentence, make read: ...concern. Wang Daming, chairman of the... (correcting title)

### Science & Technology

#### New Technologies Improve Reliability of Satellites

OW0608214594 Beijing XINHUA Domestic Service in Chinese 1252 GMT 5 Aug 94

[By correspondent Zhao Hui (6392 6540) and Li Xiu-qing (2621 4423 3237)]

[Text] Beijing, 5 Aug (XINHUA)—After recently summing up the experience of successfully retrieving China's 16th retrievable [fan hui shi 6604 0932 1709] satellite, Chinese satellite experts pointed out: The many new technologies used in the satellite yielded the expected results, further improving the reliability of Chinese retrievable satellites, enhancing our capability to benefit the people, and bringing about new technological breakthroughs.

How to control the possible irregular turning and rolling of a satellite due to technical problems after it enters its orbit is an important factor that decides the fate of the satellite. On the 16th retrievable satellite, which was launched on 3 July and retrieved on 18 July, Chinese satellite experts experimented with the all-posture capturing [quan zi tai bu huo 0356 1217 1966 2198 3752] new technique, completely and successfully enabling the satellite to return to normal operation from any posture. In addition, the new technique enabled the instrument cabin, which had been discarded as "garbage" after separation from the retrievable cabin, to continue to fly normally according to the all-posture capturing order, utilizing saved fuel. This shows that Chinese satellites can have a longer life span and that satellites' instrument cabins can continue to carry out their missions in their orbits.

Moreover, the mutually-backstopping combined infrared earth sensors [hu wei bei fen de zong he xing hong wai di qiu min gan qi 0062 3634 0271 0118 4104 4844 0678 1840 4767 1120 0966 3808 2404 1949 0892]; the three computers, which were able to take over each other's functions; and the doubly-insured multiconnector box [shuang bao xian duo zhong jie kou xiang 7175 0202 7145 1122 4429 2234 0656 4630]—which were newly developed and used for the first time on the satellite—all performed well, thus providing more reliable assurance for satellites' orbiting and carrying out their missions.

### Chinese Catalyst Successfully Used in Producing Glycol

OW0808173794 Beijing XINHUA in English 1546  
GMT 8 Aug 94

[Text] Nanjing, August 8 (XINHUA)—The use of a Chinese-made catalyst in producing glycol was reported to be a success recently at the Chang Jiang Petrochemical Company, in east China's Jiangsu Province.

The company boasts the country's largest glycol production line, with an annual production capacity of 200,000 tons of glycol.

Engineers with the company based in Nanjing, the provincial capital, claimed that with the help of the catalyst developed by the research institute under Beijing's Yanshan Petrochemical Company, they produced on the glycol production line an average 615 tons of glycol and epoxy ethane a day in more than a month's time of testing.

The engineers said the indexes of the domestic-made catalyst have met contract requirements, and it has proven superior to imported ones in many aspects and can be used as a substitute for similar imported products.

According to the engineers, they have used three kinds of catalysts since the glycol production equipment was put into operation in September of 1987. The previous two kinds of catalysts were imported from the U.S.

Chang Jiang Petrochemical Company officials said that the successful use of Chinese-made catalysts is of great importance for opening up the domestic market of such products and helping them elbow into world markets.

### Nuclear Plant Manager 'Threatened' After Leaks to Press

HK0908060094 Hong Kong EASTERN EXPRESS in English 9 Aug 94 p 1

[By Bruce Gilley]

[Text] A sacked manager at the Daya Bay nuclear plant has been indirectly threatened by Chinese officials after a witch-hunt was launched to find the source of damaging articles in EASTERN EXPRESS last week.

The ex-manager, who still lives at the plant close to Shenzhen, was warned by plant officials to "be careful". He did not know what was implied by the threat, but it was enough to frighten him, he said.

The revelations of lax safety measures at the showcase plant and other subsequent leaked information have caused severe embarrassment and financial repercussions to China Light and Power (CLP), the Hong Kong partner in the joint venture.

CLP officials blamed the sacked employee's allegations for the downgrading of the company's stock last week by a prominent investment firm.

"I don't know what are the rules in China, but I know they are always protecting government companies and do not care about anything else," the ex-manager said. "I'm worried because I live in China and could have trouble leaving."

Peter Chow, the deputy general manager at Daya Bay, confirmed the mainland partners in the joint venture had demanded that the source of the leaked information be tracked down.

"The Chinese side said we must find the person who went public," he said.

"But we [Hong Kong Nuclear Investment Company] just tell them Hong Kong has a free press and people can say what they want."

Chow denied that anyone would be put in danger and pledged to guarantee the personal safety of all those living at the site.

The ex-manager, who is in a labour arbitration dispute with Daya Bay after he was sacked only three months into a two year contract, says Chinese government officials have been given translated copies of the news reports.

"One government official waved them in my face and yelled 'Do you know anything about this'," he said.

"I think [the translations] were provided by Daya Bay."

But Chow denied Daya Bay had passed the articles to the Chinese government.

He said the revelations had broken a confidentiality clause contained in all work contracts for Daya Bay employees. "We reserve the right, if we find out who it was, to sue," he said.

"But we have no interest at this point in time."

Chow said the allegations had caused "huge losses" to the Daya Bay joint venture, pointing to the downgrading of CLP by the U.S. investment firm, Merrill Lynch, last week.

The brokerage raised "increased concerns about safety measures at the Daya Bay nuclear power plant" for the decision.

### Global Positioning Car Theft Alarm System Developed

OW0508131394 Beijing XINHUA Domestic Service in Chinese 0730 GMT 4 Aug 94

[By reporter Yang Zhaobo (2799 0340 3134)]

[Text] Zhuhai, 4 Aug (XINHUA)—To help public security cadres and police deal a telling blow to serious crimes involving car theft, the Zhuhai city Kexing High-Technology Development Limited Company has developed the "KXJ-II system for monitoring moving targets

and sounding alarms based on global positioning." The system recently passed an appraisal test.

According to experts, the system consists of an aerial satellite system and a ground control system. The aerial satellite system is based on the U.S.-based global positioning system. The ground control system is composed of central control equipment and vehicle-mounted equipment. Through the U.S.-based global positioning system network, it can determine the position of a moving target at any moment and display it on an electronic chart in the central control room. As soon as a vehicle alarm sounds, relevant information—such as the nature of the alarm, the location, the car model, the license plate number, and the car owner—will flash on the display screen within two seconds of receiving the alarm. The central control equipment employs multimedia computer technology and has touch-screen and speech-activation functions. The system can be conveniently used by public security cadres and police because even people not trained in computer science can master the system's operational procedures in a short time. The operational procedures for the vehicle-mounted equipment are even more simple. By reading the instructions, the driver can operate the equipment without undergoing training.

The experts who administered the appraisal said: The product, which employs some advanced technologies for monitoring moving targets based on global positioning, enjoys a leading position at home and will play an even greater role in fighting crimes involving car theft and in maintaining public order.

### Military

#### CMC Leaders Discusses Party Leadership Over Army

HK0508143094 Hong Kong CHING PAO in Chinese No 205, 5 Aug 94 p 49

[By Chen Chieh-hung (7115 3381 1738): "CPC Pays Close Attention to Ideological Building Within the Army"]

#### [Text] Liu Huaqing Gives 10-Point Explanation

According to a source in Beijing, the leaders of the Central Military Commission [CMC] and various arms and services, as well as the persons in charge of military regions, recently toured Army units, bases, military academies, and schools. They explained and publicized the principles of the Chinese People's Liberation Army in army building and management as well as the missions and tasks of the three armed services. This shows that they are paying close attention to ideological building within the Army.

CMC Vice Chairman Liu Huaqing went to a quick reaction division in the vicinity of Tianjin in early July to make a speech, the contents of which were as follows:

1. Uphold the party's basic line, keep it unchanged for 100 years, and build socialism with Chinese characteristics;
2. Uphold the party's absolute leadership over the Army, allowing only the party to command the gun and not vice versa;
3. Unswervingly accelerate army modernization by equipping the whole Army, building cracked troops, and strictly managing the Army in accordance with Deng Xiaoping's theory on army building;
4. Unswervingly rally around the party Central Committee and the Central Military Commission with Jiang Zemin as the core and defend the party Central Committee;
5. Unswervingly oppose international hegemonism and power politics and keep sharp vigilance against the revival of militarism;
6. Be unswervingly ready at all time to smash Taiwan's attempts to split the motherland—such as pursuing Taiwan independence, two Chinas, and one China, one Taiwan—and accomplish the great undertaking of reunifying the motherland;
7. Unswervingly safeguard the four socialist modernizations and reform and opening up and defend Deng Xiaoping's thinking and theory of building the country;
8. Unswervingly follow the party's orders and commands, crack down on and smash the subversive activities and sabotage of hostile forces at home and abroad and their criminal plot to split the motherland;
9. Unswervingly help localities carry out the four socialist modernizations and promote reform and opening up while accomplishing military study and training; and
10. The three armed services should comprehensively raise their level of general knowledge, strive to master modern military knowledge and military equipment and technology, and raise their ability to adapt themselves to the new strategy and tactics of modern warfare.

#### Zhang Wannian Stresses Antisubversion

When inspecting naval fleet and air force units in Dalian and Shanghai in early July, Defense Minister Chi Haotian and Chief of Staff Zhang Wannian stressed: To keep to our own path and build socialist modernization with Chinese characteristics, China must have a modern contingent of three armed services as a defense force.

When meeting personnel from nuclear submarines, missile cruisers, and naval air units in Shanghai, Zhang Wannian said: The Chinese people ardently love peace and therefore are deeply aware of the heavy responsibility of defending the motherland. The Chinese PLA will always follow the instructions of the party and Deng Xiaoping. It will never interfere or meddle in the internal



affairs of other countries or threaten their security; neither will it tolerate interference in China's internal affairs and sovereignty by hegemonism. Regarding subversion and sabotage, there is no other option but to hit them resolutely. Zhang added: China will never seek hegemony and will not engage in hegemonistic practices. At present, only the hegemonists, militarists, and the plotting Taiwan independence forces are creating and spreading the China military threat theory with the aim of covering up their own criminal plots and activities. We must expose them.

### **Circular Urges Crackdown on People Posing as Soldiers**

OW0708074294 Beijing XINHUA Domestic Service in Chinese 0622 GMT 6 Aug 94

[Text] Beijing, 6 Aug (XINHUA)—The General Offices of the State Council and the Central Military Commission [CMC] recently issued a joint circular calling on all localities to severely crack down on criminal activities involving people passing themselves off as soldiers.

The circular says: In recent years, crimes committed by people passing themselves off as soldiers have been reported from time to time, and have shown a rising trend. Some lawless individuals, exploiting the people's trust in the Army, forged or stole military documents, certificates, seals, uniforms with insignia, and military vehicle license plates to pass themselves off as military units or active-duty servicemen and to engage in criminal activities, swindling and bluffing to rake in illegal profits. Some of them set up stalls in the name of Army units, practicing medicine and selling spurious goods; others engaged in economic fraud under the guise of enterprises run by the Army; still others forged or stole military vehicle license plates to camouflage smuggling and drug trafficking activities; and there were even those who brazenly piloted phony military boats and committed murder and robbery on the water. These lawless activities have not only seriously endangered the safety of the people's lives and property, encroached upon their interests, and disrupted public security and economic order in the country, but have also adversely undermined the Army's reputation and soldiers' image, interfered with normal military operations, and affected the relations between the Army, government, and the people. With the approval of the State Council and the CMC, it has been decided that swift and decisive measures must be taken to severely crack down on and stop such activities so as to prevent further serious consequences to the state and society.

Urging people's governments and military organizations at all levels to pay keen attention to and strengthen organizational leadership over cracking down on such crimes, the circular says: It is necessary make the crackdown a major target of the comprehensive management of public security, and to coordinate relevant government and Army organizations to work together and take strong, swift, and decisive measures against crimes

involving people posing as soldiers. In areas where such crimes are relatively serious, it is necessary to organize forces to launch a special drive during a given period of time so as to achieve marked results as soon as possible.

The circular emphasizes: While investigating and punishing crimes, all provincial military districts and garrisons must cooperate with the local public security, industry, and commerce administrative departments in taking concerted action and carrying out duties and responsibilities. Criminal activities involving people posing as military units and active-duty servicemen must be duly investigated and punished in accordance with the relevant laws and regulations. It is necessary to resolutely shut down illegal organizations passing themselves off as military units engaging in production and management activities, to outlaw stalls run under the guise of Army units peddling medicine and commodities, and to investigate the source and confiscate forged, stolen, or leased military vehicle license plates. People who forge military documents, certificates, and seals, or who pose as active-duty servicemen and engage in fraudulent and other criminal activities must be handed over to the judicial organ for investigation of criminal responsibilities according to the law, and must not be treated leniently or be given a fine instead of a penalty.

The circular calls on all Army units to strictly enforce the CMC and headquarters' regulations concerning production and management, military certificates and vehicle license plates, uniforms and insignia, and control of official documents and seals by effectively strengthening the education and supervision of units and mobile personnel carrying out production and management in other localities. It is necessary to affix the responsibilities of those directly involved in facilitating criminals with documents, certificates, uniforms and insignia, and vehicle license plates in violation of the state laws and relevant Army regulations, as well as supervisors concerned, depending on the seriousness of crimes. When a crime is committed, it is necessary to investigate the criminal responsibilities according to law. Public security, industry, and commerce administrative departments in all localities must transfer such cases to the relevant Army department for handling once they are discovered.

The circular says: Propaganda and media departments should actively coordinate in striking at crimes involving people posing as servicemen, in order to deter criminals and educate the masses to heighten vigilance. All localities and departments must be fully aware of the arduous and protracted nature of the crackdown on crimes by people posing as soldiers. They must, on the basis of summing up experiences, draw up and perfect relevant laws and regulations in order to codify the drive against criminal activities involving impostor soldiers.

### **Report on Sentry Post Bordering Kyrgyzstan**

OW0808080894 Beijing Central Television Program One Network in Mandarin 1100 GMT 7 Aug 94

[Report by unidentified correspondent; from the "National News Hookup" program]



[Text] Dear viewers and friends, do you remember the number one sentry post in the east when we first broadcast visits to border and coastal defense locations? Today, we will report on the number one sentry post on China's western frontiers, namely (Sumuhana) border sentry post in the westernmost part of the motherland. (Sumuhana) is a Kyrgyz word that means a place where the sun sets. Right now, it is 2256 Beijing time. The sun has just set here. The time difference between here and Beijing is about three hours and eight minutes and between here and the number one sentry post in the east it is about four hours. The other side is the Republic of Kyrgyzstan. The sentry posts of our two countries are separated by a river.

A special feature of the border defense post is its long borderline with many sentry boxes. It will take seven to eight days to patrol distant mountainous areas back and forth and the average altitude of the patrol route is about 4,000 meters above sea level.

[video shows several soldiers and the reporter riding on horses] To report on the patrol route, we practiced horse-riding for half a day and started the journey. We filmed the scene while riding on horses. Because my riding skill is very poor, I almost fell off the horse. Luckily, fighter (Hu Laqi) grabbed me and saved my camera, so my mission was not abruptly terminated. The horses are our faithful companions, but in the face of such a dangerous path on the slope even horses refuse to go further. Leading horses to climb up the mountain is not the most difficult and arduous thing. What we are most afraid of is rain during patrol. Even horses can be washed away by the gorge's flooding water. Patrols can only be conducted on foot when it rains.

[Begin recording] [Reporter] Political instructor [zhi dao yuan], the temperature is very low here.

[Political instructor] The temperature during daytime is between 25-24 degrees. It will fall below zero at night. Under such circumstance, on the one hand we pay attention to doing a good job in political and ideological work for patrol duty on the frontier and on the other hand our company has unfolded activities of serving three years here and leaving a tract of green land. We have done our best to change the natural condition and improve the environment.

[Wang Ruyi, a company grade officer in the base camp] To accomplish the task of defending the border, officers and soldiers are required to foster the thinking of considering the camp as their home and take root in border defense. To foster such thinking, we must build the company into something like a home.

[Reporter] This home has been built by officers and soldiers from generation to generation like swallows. When the post was first established, the only green spot was a (hu yang) tree about 1.5 km from here. Now there are many trees. While planting (sha zao) and (hong liu), the officers and soldiers have also deeply planted their

determination to defend the frontier in the number one sentry post on China's west frontier. [end recording]

### Xinjiang Military District Party Congress

OW0508142394 Urumqi XINJIANG RIBAO in Chinese 21 Jul 94 p 1

[By army units-based reporter Yang Gongcheng (2799 0501 2052): "The Xinjiang Military District Solemnly Holds Its Eighth Party Congress To Implement in Depth Deng Xiaoping's Concept of Army Building in the New Period and to Promote Army Building to a New Level—Fu Bingyue Delivers the Opening Speech; Pan Zhaomin Delivers a Work Report of the Military District's Party Committee; Janabil and Guo Gang Attend the Meeting To Offer Congratulations; and Wang Enmao, Xiao Quanfu (5135 0356 1133), Liu Haiqing (0491 3189 3237), and Gao Huanchang (7559 3562 2490) Are Invited To Attend"]

[Text] The Eighth Xinjiang Military District [XMD] CPC Congress was solemnly held in Urumqi on 20 July.

The meeting's major tasks were to sum up the experiences gained in building both the Army and the party since the XMD's Seventh party congress held in 1988; to study and decide on the basic tasks for the next five years; to elect members to the XMD's next party committee and discipline inspection commission; and to mobilize the broad masses of the military district's party members, cadres, and fighters to unite, work hard, reform, blaze new trails, and endeavor to promote the drive to turn army units into a revolutionary and modernized regular army to a new level under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, his concept of army building in the new period, and the general requirements—"Army units must have political qualification, perfect mastery of military skills, excellent work style, high discipline, and effective logistic support"—raised by Central Military Commission [CMC] Chairman Jiang Zemin.

Fang Denghua, member of the XMD party standing committee, announced the opening of the congress. Fu Bingyue, deputy secretary of the XMD party committee, delivered a speech at the opening ceremony. He expressed the hope that all congress delegates would justify the great trust placed in them, conscientiously do their duty, fully promote democracy, actively contribute, and strive to make the congress a meeting over which democracy, unity, realism, and a pioneering and motivational atmosphere would prevail.

On behalf of the seventh XMD party committee, XMD party Secretary Pan Zhaomin delivered a work report. His report was divided into three parts: 1. a review of the main tasks in the past six years; 2. basic experiences and understanding; and 3. major tasks for the next five years.

Reviewing the main tasks fulfilled by the military district's units in the past six years, Pan Zhaomin pointed

out: Since the seventh XMD party congress, the XMD party committee has proceeded from the actual conditions of the military district's units; conscientiously implemented the decisions made and instructions given by the party Central Committee, the CMC, and the Lanzhou Military Region party committee; led all the military district's commanders and fighters to satisfactorily fulfill various tasks by making education, training, and the performance of frontier defense duties the focal points; and achieved new successes in promoting the overall level of Army building. They were specifically manifested in the following nine aspects:

Persisting in using the theory of building socialism with Chinese characteristics to unify the thinking of officers and men and to strengthen their political conviction; working relentlessly to ensure war preparedness and to safeguard borders and social stability; upholding the central task of military training to constantly raise troops' military competence; persisting in administering Army affairs strictly to constantly improve troop discipline and work style; earnestly implementing the "outline on grass-roots construction in the Army" to intensify the construction of grass-roots units in all fields; achieving notable results in militia and reserve service work by keeping abreast of the demands of economic construction and defense building; improving logistics support through strengthening management and deepening reform; actively carrying out the "double support" activities to further consolidate unity between the Army and the government and between soldiers and civilians and among the people of all ethnic groups; and continually strengthening party building to bring into better play party committees' role as the core of leadership, party branches' role as a fighting bastion, and party members' exemplary vanguard role.

In the report, Pan Zhaomin outline the XMD's work in the next five years. He said: The guiding principles and fighting goal of the work are: taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his concept of Army building in the new period as the guide; earnestly implementing CMC Chairman Jiang Zemin's five-point general requirements and the CMC's military strategy in the new period; ensuring a good job in construction and reform of various fields, focusing on the strengthening of troop cohesiveness and enhancement of their fighting capacity; and striving to comprehensively raise troops' political awareness, to conspicuously improve their military competence, to more strictly enforce discipline, to provide more effective logistics support, and to forge close ties with units inside and outside the XMD so as to successfully carry out the tasks and make the XMD troops more modernized, revolutionary regular army units.

The congress was attended by 435 deputies from all units and fronts of the military district. Janabil, deputy secretary of the regional party committee; Guo Gang, political commissar of the Xinjiang Production and Construction Corps; Li Baoqi, deputy political commissar of an Air

Force unit stationed in Xinjiang; and Zhang Wu, political commissar of the Armed Police Force, attended the congress to offer their congratulations.

Duan Xikang, Kuerban Aierxiding [1655 1422 3803 5337 1422 6007 0002], Zhou Yongshun, Rouzi Wushouer [5131 1320 0710 1343 1422], Zhou Lianjiang [0719 6647 3068], Wang Wude [3076 2976 1795], and Zhao Shizhong [6392 1102 1813], members of the XMD party standing committee, attended the congress. Wang Enmao, Xiao Quanfu, Liu Haiqing, and Gao Jiuanchang, former XMD leaders, also attended the opening on invitation.

### PLA Combines 'Wartime,' 'Market' Transportation Systems

OW0508130494 Beijing XINHUA Domestic Service in Chinese 0550 GMT 5 Aug 94

[By reporters Cao Zhi (2580 2535) and Chen Yan (7115 8746)]

[Text] Beijing, 5 Aug (XINHUA)—According to a recently concluded national military transportation regularization work conference, the People's Liberation Army [PLA] has made its military transportation work subordinate to and serve the overall interests of economic construction and set up an initial new system to keep up with both "wartime" and "market" demands.

Thanks to the kind attention of the party Central Committee and the Central Military Commission [CMC], the PLA has considerably enhanced its transportation capabilities for comprehensive logistic support and rapid mobility. In recent years, both central and local governments have invested over 400 million yuan on building and repairing some 40 national and border defense highways totalling tens of thousands km. All frontier regiments are linked with each other by trunk highways while 97 percent of frontier companies are accessible by highway vehicles. Since 1986, the PLA has launched a series of military airlifts to transport all servicemen entering and leaving Tibet and some of those entering and leaving Xinjiang, with a particular emphasis on emergency and extraordinary airlifts of supplies. Moreover, the PLA has also established direct ocean and river transportation links, thereby gradually perfecting the military transportation system and enabling it to develop in a stereoscopic direction.

While resolutely implementing the CMC's policy decision, all military transportation departments have taken the initiative to release military transportation facilities to support national economic construction. So far, some 70 airports, 25 ports and wharves, 300 special railways, and over 300 permanent passenger air routes have been opened to civilian use. Frontier highways—special military roads in the northwest that were dormant for many years—have been opened to the growing border trade exchanges. To ensure smooth traffic on frontier highways, PLA units stationed in the northwest have in

recent years invested 150 million yuan to repair and maintain in good condition more than 6,000 km roads and building 15 bridges and culverts, thereby increasing the volume of daily traffic flow by eight to 10 times and enabling frontier highways to become the golden passages to frontier economic prosperity. The Air Force's flight control department will upgrade the aviation control facilities, including radar, communications, flight information network, regional control center, and maintenance and security systems, to support China's rapidly growing aviation industry.

### Editorial Marks PLA's Founding Anniversary

HK0508150094 Beijing JIEFANGJUN BAO in Chinese  
1 Aug 94 p 1

[Editorial: "Persist in Acting Under the Overall Situation—Marking the 67th Anniversary of PLA's Founding"]

[Text] Under the excellent situation, in which reform and opening up is profoundly developing and socialist modernization is thriving, the officers and men of the whole Army see the coming of their own glorious festival—the 67th anniversary of the People's Liberation Army's founding. On this day of jubilation, we sincerely extend our festive greetings to all Army officers and men, armed police officers and men, and the vast numbers of militiamen and reservists guarding various battle stations! We extend our cordial greetings to those retired veteran comrades who have thrown all their energies into our army building as well as to the demobilized Army men, disabled soldiers, and revolutionary martyrs and their family members! We express our heartfelt gratitude to local party committees and governments at all levels and the masses of all nationalities who have shown concern for and backed up our army building for such a long time!

Our Army has overcome every trial and hardship and has established a glorious career for 67 years. Our Army, as the people's Army founded and commanded by the CPC, always regards the people's interests as its supreme interests and faithfully performs its bound duty entrusted by our party. The People's Army's history is precisely the history of obeying and serving our party's overall situation and acting in light of the overall situation, and it is also the source of our Army's glory.

The necessity of the Army's acting in light of the overall situation is an extremely important viewpoint of Comrade Deng Xiaoping's idea of army building during the new period. Comrade Deng Xiaoping is the chief architect of our country's reform and opening up and modernization as well as the chief architect of army building during the new period. When formulating fundamental policies, he always takes into full account the long-term and fundamental interests of the whole country and the people of all nationalities—including the Army—and places army building under the unified planning of the overall situation of state building. He has repeatedly

exhorted us since reform and opening up: "Our Army must, under whatever circumstances, be subordinate to the overall situation of state building" and "can never hinder the overall situation." Our Army "must closely coordinate with the overall situation and act in light of the overall situation." Comrade Deng Xiaoping's important idea not only profoundly reflects the precious historical experience of our army building but also organically integrates, in a highly unified way, army building with the task of upholding the aim and nature of the people's Army. Moreover, his idea, as a basic principle of army building during the new period which meets the needs of domestic and international development, has played, to a great extent, a leading role in practice. It is precisely under the guidance of this principle that our Army has achieved the strategic transformation of the guiding ideology of army building without a hitch, has fulfilled the arduous task of large-scale disarmament, has extensively carried out the work of training military and civilian talents through the joint efforts of the Army and the masses, has vigorously supported the construction of key state projects, has opened up some wharfs and airports, and has transformed some military enterprises into civilian enterprises. Moreover, the Army has undertaken a series of major reforms to improve its quality, thus taking the path of building the best armed forces with Chinese characteristics. As convincingly proved by the facts, the Army's principle of acting according to the overall situation is entirely in line with the objective law of army building during the new period, has great practical importance and profound historical significance, and is indisputably correct.

At present, our socialist modernization is at a critical juncture. The Central Party Committee with Comrade Jiang Zemin at the core has unequivocally laid down, in accordance with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the requirements of basic party line, the overall situation of the whole party's work, that is, "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability" [zhua zhu ji yu, shen hua gai ge, kuo da kai fang, cu jin fa zhan, bao chi wen ding 2119 0145 2623 6657, 3234 0553 2395 7245, 2368 1129 7030 2397, 0191 6651 4099 1455, 0202 2170 4489 1353]. Properly handling the relationship between reform, development, and stability is the important guarantee to enable our economy to develop in a sustained, rapid, and healthy way, make full progress, and achieve ultimate success in the cause of socialism with Chinese characteristics. It is where the fundamental interests of the people of all nationalities throughout the country lie. The Army's persistence of acting in light of the overall situation is precisely to make contributions to the state's reform, development, and stability. All officers and men must have a clear understanding of the sacred mission undertaken by our Army and must conscientiously act in the way repeatedly emphasized by Comrade Jiang Zemin: Everything must be subordinate to and serve the overall situation of the whole party's



work and everyone must conscientiously safeguard and promote the overall situation.

To persist in acting in light of the overall situation is very demanding and requires huge efforts on the part of the whole Army. First, it is necessary to conscientiously study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his idea of army building during the new period. It is necessary to study so that officers and men can become soberly aware of and profoundly understand the development trend of the volatile international situation, the major conflicts of our society at the present stage, and the general objective and the development path of army building during the new period. In the final analysis, it is necessary to really understand why the Army must act in light of the overall situation and in what way the Army can be considered as acting in light of the overall situation, thus integrating the Army's ideology and actions with major policy decisions made by the Central Party Committee and the Central Military Commission and enabling the Army to conscientiously observe and handle problems as required by the overall situation.

To persist in acting in light of the overall situation, it is necessary to unswervingly uphold our party's absolute leadership over the Army. What we mean by the overall situation refers to our party's central task. What we mean by submitting ourselves to and serving the whole party's overall situation is precisely to struggle for the fulfillment of our party's central task. Establishing a strong sense of party spirit is the basic guarantee of our persistence in acting in light of the overall situation. Hence, ideologically and politically speaking, we must act in unison with the Central Party Committee with Comrade Deng Xiaoping at the core; operationally speaking, we must firmly obey the command of the Central Party Committee and the Central Military Commission; organizationally speaking, we must build party organs at all levels into a unified, militant, and strong leading core; and, as far as discipline is concerned, we must resolutely defend the authoritativeness of the Central Party Committee, the State Council, and the Central Military Commission and ensure the unimpeded enforcement of government and military orders.

To persist in acting in light of the overall situation, our Army must conscientiously undertake its historical responsibilities during the new period. On the part of the Army, being subordinated to and serving the overall situation of the whole party's work means precisely to be vigilant in peacetime, to continually be on alert, and to make greater contributions to promoting reform and development and to safeguarding our motherland's security and unification as well as social stability and unity, thus enabling our Army to become the real and reliable defender of our solid state power, social stability, economic development, and the people's tranquil lives. In order to triumphantly undertake such a lofty historical mission, we must conscientiously carry out the strategic military principle during the new period and thoroughly

strengthen our army building by unswervingly working in accordance with Comrade Deng Xiaoping's idea of army building during the new period and with Comrade Jiang Zemin's general requirement; that is, our Army must be "qualified politically and competent militarily, must have a fine work style, must adhere to strict discipline, and must be ensured of adequate maintenance and supplies," thus advancing our Army's revolutionization, modernization, and regularization to a new level. If our Army is highly conscious of the necessity to act in light of the overall situation and has very high military and political quality, it can definitely play a greater role while being subordinated to and serving the overall situation of the whole party's work.

#### **Selected Military Works of Li Da Published**

HK0808055694 Beijing JIEFANGJUN BAO in Chinese  
12 Jul 94 p 1

[Article by Wang Xiaojian (3769 2556 1696): "Selected Military Works of Li Da Hot Off the Presses"]

[Text] On the first anniversary of Comrade Li Da's death, *The Selected Military Works of Li Da* was published by the Jiefangjun Publishing House.

Comrade Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission, and Comrade Liu Huaqing and Zhang Zhen, vice chairmen of the Central Military Commission, wrote inscriptions for the works. Comrade Li Da's old comrades-in-arms Bo Yibo and Song Renqiong respectively wrote the name of and a preface to the works.

Comrade Li Da, whom was given the military rank of general in 1955, held the post of chief of staff at all levels during his lifetime: He was chief of staff of the Sixth Red Army Group, the Second Front Army of Chinese Workers and the Peasants Red Army, the 129th Division of the Eighth Route Army, the Shanxi-Heibei-Shandong-Henan Military Area, the Second Field Army, and the Chinese People's Volunteers and was deputy chief of the general staff of the People's Liberation Army. He wrote a lot of articles on military issues between battles and in his spare time. The *Military Works of Li Da* included 60 articles he wrote during different historical periods, presented one aspect of the glorious process of the Chinese Revolutionary War, included accurate accounts of the command skills of such outstanding strategists as Liu Bocheng, Deng Xiaoping, He Long, and Chen Yi, and studied and explored our Army's rich experience in staff work.

#### **Economic & Agricultural**

##### **Jiang Zemin, Li Peng Support Zhu Rongji on Economic Policy**

HK0908085494 Hong Kong LIEN HO PAO in Chinese  
9 Aug 94 p 2

[By reporters Han Chien-hua (7281 0494 5478) and Wang Li-chuan (3076 5461 4831): "Jiang Zemin, Li Peng Support Zhu Rongji's Economic Reform Stand and Measures"]



[Text] According to sources, CPC General Secretary Jiang Zemin and State Council Premier Li Peng are both holding a positive attitude toward Vice Premier Zhu Rongji's ideas and measures for economic reform. At the State Council meetings and on other occasions, Li Peng indicated many times that the macroeconomic control measures had achieved successful results. At present, Zhu's approach toward economic reform is mainly "moderate."

Since the adoption last year of the measures for "strengthening macroeconomic control and rectifying the monetary order" and a series of reform measures in the financial and taxation, banking and monetary, foreign exchange, and foreign trade sectors, various quarters in the mainland have made different comments on the macro-control measures adopted by Zhu Rongji. With the successive adoption of various economic reform measures and the improvement of the overall economic situation, though some local leaders still hold different opinions on Zhu Rongji's tax-division system, the central leaders Jiang Zemin and Li Peng have expressed affirmative and positive attitude toward the reform measures adopted by Zhu. This has consolidated Zhu's status and influence in the making of economic policies.

Zhu Rongji has gradually developed his own ideas on the mainland's economic reform and overall economic development, and the economic policies he has adopted are all based on "moderation" in order to correctly handle the relationship between reform, development, and stability. He is trying to seek a balanced policy which is suited to China's conditions in the course of pursuing the guideline of "grasping the opportunity, deepening reform, expanding opening, promoting development, and maintaining stability." Zhu Rongji has maintained that China should not blindly seek an unrealistic high growth speed and should stress the enhancement of economic efficiency and basic economic reforms under the prerequisite of stable development.

According to sources, at a recent symposium attended by approximately 100 economists, Zhu Rongji criticized by name a number of liberal economists in China. Zhu Rongji said that those liberal economists expressed some "irresponsible and improper" opinions and drifted with the current trend. He said: The existing economic issues on the mainland are not questions of whether the economy bears the nature of socialism or capitalism, or about whether the growth speed is too fast or too slow, or about whether it is necessary to pursue a centralized or decentralized policy; instead, the issue is how to adapt the policies to the actual national conditions of China and meet the nation's actual needs.

Mainland scholar Hu Angang wrote the "Analysis of China's National Strength" last year, and his viewpoint was affirmed by Zhu Rongji's decision on adopting the tax-division system. Hu completed a report on regional differences within the country last June, but his ideas did not seem to influence Zhu's policy as expected.

The sources said: Zhu Rongji previously worked with the Institute of Industrial Economics under the Chinese Academy of Social Sciences and the State Planning Commission and also worked as Shanghai mayor. He has rich experience in handling local economic work. After being appointed vice premier, he gradually developed his own economic viewpoint by studying the various opinions of the economists and combining theory with practice in the course of formulating policies to guide the mainland's economic reform.

### **Zhu Rongji Readjusts Reform Policies for 2d Half**

*HK0908101994 Hong Kong MING PAO in Chinese  
5 Aug 94 p A2*

["Special dispatch" by staff reporter Ho Lu (0149 7216): "Zhu Rongji Stresses That It Is Difficult To Show Consideration for State-Owned Enterprises That Have Been Making Deficits for a Long Time, and That There Should Be an 'Upsurge of Bankruptcy' in the Second Half of This Year"]

[Text] In a speech made recently to a restricted audience, Zhu Rongji, member of the Political Bureau Standing Committee of the CPC Central Committee and vice premier of the State Council, analyzed mainland China's current economic situation and made arrangements for economic reform policies for the second half of this year. He maintained that the current economic situation is so "grim" that the pace of economic reform on the mainland should slow down accordingly.

As disclosed by an authoritative source from Beijing, Zhu Rongji made an important speech at the Economic Work Meeting of Seven Provinces held in Zhengzhou, Henan Province, a short time ago. The four major points of the speech are as follows:

- In the first half of this year, the economy still faced a grim situation, as the losses of large and medium-sized state enterprises continued to increase, and the inflationary pressure was still immense.
- Reform in the financial and taxation system is in urgent need of reinforcement. Owing to the inability to totally control the outflow of funds from financial departments and the overly rapid growth of social consumption funds, and the continuous increase of adverse [dao bi 0227 6656] pressure on state finances, the first task we should perform now is to intensify the comprehensive collection of personal income tax.

### **It Is Necessary To Store Grain Because of the Grain-Production Emergency**

- The poor grain harvests and rising grain prices are further severe threats facing us at present. According to State Council estimates, there will be reduction in grain output this year, even without natural calamities, and the drop in grain production will be still more serious if there are natural calamities. Hence, governments and departments at all levels should make

positive efforts to store grain so as to avoid the possibility of urban residents' running short of rice supplies. In addition, future government subsidies for grain and edible oil will be given only to low income earners.

—In the area of rural reform, it seems that many problems still exist in the practice of the rural joint-stock system, so we should take care to conduct further studies on relevant policies. As land resources belong to the state, it is liable to lead to the problem of an unclear relationship between propriety rights and stock rights. At present, rural reform should be focused on the "contract responsibility system on a household basis with remuneration linked to output," but, of course, we also should encourage peasants to engage in appropriate scale of operation.

In addition, Zhu Rongji made a series of major readjustments to economic reform policies for the second half of this year. He pointed out in his speech that the key point of reform for the second half of this year is to consolidate and put into effect the achievements already attained. In the meantime, owing to the increasingly serious difficulties encountered by state enterprises, they can no longer depend on financial support from banks and the state in order to maintain their production, and the state finances can no longer satisfy this endless demand. Therefore, the focus of economic reform for the second half of this year will be placed primarily on modern enterprise system reform, which should be carried out with all our strength, so that the state enterprises that have suffered losses for a long time will really go bankrupt.

Zhu Rongji stressed that a precondition for establishing a modern enterprise system is to put the bankruptcy system into practice. Loss-making enterprises must be suspended and closed down. This is a top-priority task, and there should be an "upsurge of bankruptcy" across the country in the second half of this year.

#### **Inflation Is More Terrible Than Unemployment**

After analysis, the source believes that these remarks by Zhu Rongji are, in fact, a substantial revision to Beijing's overall reform policies in the first half of this year. Moreover, Zhu Rongji explicitly said that "inflation is more terrible than unemployment." This conclusion has put an end to the argument that has been raging in mainland economic circles over "whether inflation or unemployment is more terrible."

Beijing's political observers generally believe that since "stability" is still Zhongnanhai's common precept at present, the Political Bureau will reach a consensus on this readjustment masterminded by Zhu Rongji, but whether or not local officials will be convinced remains questionable.

#### **Wu Xueqian Attends Boeing 737 Contract Ceremony**

*OW0908091194 Beijing XINHUA Domestic Service in Chinese 1415 GMT 8 Aug 94*

[By reporters Sun Jie (1327 2638) and Xu Xingtang (1776 5281 1016)]

[Text] Beijing, 8 Aug (XINHUA)—Today, the China Aviation Supplies Corporation [CASC], the Xian Aircraft Industrial Company [XAIC], and the U.S. Boeing Commercial Airplane Group held a ceremony in Beijing to sign a subcontract for the production of Section 48 of the Boeing 737 aircraft's fuselage.

The Civil Aviation General Administration of China [CAAC] made a formal proposal to Boeing to subcontract the production of Boeing aircraft in China through compensation trade in June 1992. The subcontract signed today for the production of Section 48 of the Boeing 737 aircraft's fuselage is the production project involving the most difficult techniques and the highest unit prices that China has subcontracted from the Boeing Company so far. It has great significance and influence for promoting the development of China's aviation industry, as well as its technical advance.

According to the contract, the XAIC will manufacture and deliver Section 48 of 100 Boeing Model 737-300 aircraft from 1995 to 2000.

It is learned that Section 48 has been installed in the fuselage of all the Boeing 747, 757, and 777 airliners. China's capability to manufacture this section of the fuselage signifies that the technique of its aviation industry has reached a certain level.

Earlier, the CASC signed five subcontracts for manufacturing aircraft parts and aircraft engine parts with Rolls-Royce Ltd. of Britain, the U.S. (Aircraft Wing Company), the SNECMA [Societe Nationale d'Etude et de Construction de Moteurs d'Aviation] of France, and the Fokker Aircraft BV of the Netherlands. These famous aircraft and engine manufacturing companies will provide production know-how, free of charge, to the Chinese factories that have undertaken production projects through subcontracts, and will send senior technicians to the Chinese factories to guide their production. These show that the cooperation between China and the world's aviation industry has progressed from the unitary purchase of aircraft and from air route aviation to a profound sphere of cooperation.

Wu Xueqian, vice chairman of the National Committee of the Chinese People's Political Consultative Conference; CAAC Director Chen Guangyi; and other personages of the aviation industry attended today's subcontract-signing ceremony.

#### **Officials Say Real Estate Market 'Under Control'**

*HK0908070794 Beijing CHINA DAILY in English 9 Aug 94 p 1*

[By Li Hong: "Real Estate Shakes Fever, Stays Cool"]

[Text] China has finally recovered from its real estate fever, and there are no signs of any immediate relapse as long as the State Council follows the stern macro control measures it introduced last July, government officials and land developers say.

The Ministry of Construction, authorized to oversee the building sector, said the real estate industry has entered into a new period of "steady development."

A flurry of private real estate development companies, with scanty financial backing, swooped down on localities like Hainan Province, Guangdong Province and Guangxi Zhuang Autonomous Region, which saw the country's most voracious and chaotic property dealing before July of last year.

Song Chunhua, chief of the ministry's real estate development, said at the on-going real estate fair in Dalian City, Liaoning Province, that the once overheated property industry has been brought under control, thanks to finance and investment reforms, according to a Xinhua report.

Investment grew 44 percent in the first six months of this year, compared to the 143.5 percent surge recorded during the first six months of 1993.

Of the total input, housing projects accounted for 80 percent, which Song said is good news for millions of shelter-hungry urban Chinese.

The government gives housing developers incentives such as tax breaks and lower land prices.

However, as overseas investors flood big cities like Beijing and Shanghai, they have found the cost of office and residential space as high as in New York, Tokyo and Paris due to competition for a limited supply.

The Beijing municipal government has put the real estate market under strict control.

### **Limitations on Price-Setting Discussed**

*HK0808144494 Beijing BAN YUE TAN in Chinese No 12, 25 Jun 94 pp 12-15*

[Article by Zhang Zhengxian (1728 2973 2009): "Should There Be Some Limits in Fixing Prices?—Beginning the Discussion From Opposing Staggering Profits"]

[Text] Opposing staggering profits is a popular topic in economic life at present. On the one hand, with the phenomenon appearing on the market of some swindlers demanding exorbitant prices and reaping staggering profits, people feel indignant. On the other, quite a number of people are somewhat suspicious and puzzled about the government's unleashing opposition to staggering profits: Are we going to take the road back, and retake control of prices that have been freed?

In the depths of all this contradiction and hesitation the fact is exposed that our understanding of price reform and the market economy still needs to be corrected and deepened.

### **Does Price Reform Equal Price Freedom?**

Proceeding from the idea of "freedom" since reform, price reform has been basically crowned with success.

True, in the sense of "freedom," price reform has scored great successes in the last 15 years. From fruits and aquatic products to vegetables and grain, from means of livelihood to means of production to productive factors—the prices of the great majority of commodities and services have been freed. Up to the end of 1992, in the total volume of commodity retail sales, government-fixed prices accounted for only 5.9 percent; in the total volume of agricultural products sold by the peasants, government-fixed prices accounted for 12.5 percent; in the total volume of the means of production sold by industrial enterprises, government-fixed prices accounted for 18.7 percent. There is basic improvement in price relations of various important commodities, and in the price structure there is a constant trend toward rationality. In promoting economic development and market prosperity, price regulation has initially displayed its vigorous vitality, but the task of price reform is by no means completed here.

What is the complete connotation of price reform?—First, to transform the price formation mechanism and build up a price mechanism with the market as the key link in price formation. Second, rationalize the price structure and build up price relations that can allocate resources rationally. Third, reform the traditional price control system, and build up and improve a system of price regulation and control with government indirect control as the dominant factor.

It can be seen that price reform has richer and more profound contents than price freedom. As far as "freedom" is concerned, some of the commodities for which prices have been freed by formal government decrees still cannot jump out of the cage in many places. The development of the production factors market has just started, after thousands of calls. It remains difficult in certain links to truly implement the power acquired by operators to fix prices themselves. As far as "structure" is concerned, the prices of energy, railway transport, and a few other basic products and infrastructure are still somewhat low. In recent years, the symptom of expanding price scissors in the exchange of industrial products for agricultural products, which had been narrowed since reform, has reappeared. As far as "management" is concerned, the development of a price regulation and control system remains a brand-new subject requiring immediate solution, and the standardization and legalization of price control and supervision—including opposing staggering profits—have only just started.

Obviously, there is still a long way for us to go in the intensification of price reform.

### **Is Reaping Staggering Profits a Rational Phenomenon of the Market Economy?**

A few years ago, some places considered trying to oppose staggering profits, but because of different points of



view, they ended up leaving the matter unsettled. At this time, the Shanghai Municipal Government is bold in exploration and is introducing measures resolutely, which also has caused quite a great social shock.

"In a market economy, under the premise of selling at marked prices, as long as the buyer is willing to buy, and the seller willing to sell, that will do. Is opposing staggering profits advantageous to the development of market economy?"

"When prices are released, one can buy as much as one wants, and no one can interfere."

On hearing these comments, they seem justifiable, but if we distinguish them carefully, it is indeed a far cry from the true meaning of a market economy because reaping staggering profits is not a rational phenomenon of the market economy.

We must see that now we have just crossed the threshold of a market economy. The conditions of price formation and supervision, and the benign operation of control mechanism are still incomplete and immature, which has left more gaps for some operators to reap staggering profits by improper means.

First, under the pull of demand, the supply of some commodities falls short of demand, and in a seller's market there is little choice for the consumer. Thereupon, some operators then concentrate their attention on increasing prices indiscriminately, and on driving up and monopolizing prices, so as to rake in exorbitant profits.

Second, the price competition mechanism is incomplete; price operational order is not standardized; price supervision and control cannot catch up with developments; and many enterprises and operators, while acquiring the power to fix prices themselves, have not yet correspondingly undertaken their responsibilities to society and consumers. Even worse is that some economic departments make use of the special advantages the state has given them, and under the guise of services, charge and apportion expenses indiscriminately, compel customers to accept their products, and seek improper profits by super economic means.

Third, market information is not easily accessible, and it is difficult for consumers to get complete price information; the social price service system is far from complete and perfect, and consumers lack purchase guidance; and consumers' awareness of protecting their own rights and interests remains very weak. All these provide price swindlers with an opportunity to take advantage.

Some people who have different viewpoints about "opposing staggering profits" state: "The market itself has the function of regulating prices. If commodity prices are fixed too high, the commodities are unsalable; if they are unsalable, their prices will drop automatically." Judged by the book, this is "common sense"; judged from the realities of the starting period of a

market economy—our current situation—such an understanding is a bit too simple and too ideal. For those commodities in short supply which do not leave much room for selection, for markets that lack ample and fair competition, for a price structure that lacks effective government regulation and control, and for consumers who are not well-informed and lack price services—who can say with certainty that commodities definitely are unsalable when their prices are fixed too high? Moreover, sit by and watch skyrocketing prices, and wait calmly for steep falling prices; such sharp rises and falls would bring negative shocks and would have an impact on enterprise production, economic construction, and the life of the people. Judged by the idea of developing a socialist market economy, this is also undesirable.

Judged by actual situation, seeking exorbitant profits refers to acts of deceiving buyers through misleading market price information, selling by force, demanding sales, and other improper means that make the commodity price level exceed the rational range of market price level acknowledged by pricing departments. Acts of reaping staggering profits not only infringe on the interests of consumers and bring a too-rapid rise in the overall price level, but also disturb the normal price order, and impede the growth and formation of a market price mechanism.

The reason we propose opposition to staggering profits is not to encroach on or even deprive enterprises of the power they have enjoyed to fix prices by themselves, but to guide and promote enterprises to develop fair, just, and open price competition; uphold and promote market price formation and constraint mechanisms; and maintain normal price order. Laws and regulations introduced in Shanghai to oppose staggering profits have won the understanding and support of various aspects, and their successful implementation with initial results is clear proof.

#### **Does Emphasizing Government Inference Mean "Taking the Road Back?"**

When prices are freed, what kind of role should the government play in price operation? This is quite a disputable subject.

Of course, we cannot return to the old road of fixing prices completely by the state, and keep prices that have already been freed under strict control again. Naturally, we cannot interfere using planned-economy ideas, and restrict the power given to enterprises to fix prices. However, the government cannot "give up keeping controls" on price operation and take a completely laissez-faire attitude. The correct attitude should be to bring into full play the basic role of building up prices by the market. We should be bold in freeing prices; keep prices under control in the course of freeing them; and insist on timely and moderate interference, regulation, and control by the government, primarily through indirect control.

Bringing the price mechanism into play requires conditions, meaning that it is necessary to have an improved market system and a suitable economic environment and legal system. These conditions can be created and promoted only by the government. For instance, "the same starting line," as the premise of effective market operation can only be delimited by the government.

The role of price mechanism is not universal either, and it also has this or that kind of "blind spots." It is not suitable for prices of some commodities and services that have monopolistic and public welfare characteristics to fully enter market competition, and they should be placed under government direct control.

The price mechanism also has its drawbacks, meaning its spontaneity and blindness. Especially in the early period of a market economy, when the subjects setting prices still lack a constraint mechanism and an improved internal price control system, as well as knowledge, experience, and skill in scientifically working out decision-making on setting prices, these drawbacks appear to be especially conspicuous: for example, overstepping authority in setting prices, charging expenses indiscriminately, and raising the prices of public transportation, etc. According to forecasts, in the total 13 percent increase in retail sales prices in 1993, the portion of spontaneous prices rise occupied 6.8 percentage points, of which quite a large percentage was brought on by chaotic price order.

Precisely so, whether developing or developed countries do not give up keeping prices under control. In Japan, there are oil, coal, railway, air transport, public housing, rice, land prices, cigarettes, and salt, which occupy about 18 percent of commodities in consumers' price index statistics; in the United States, commodities of prices under direct control account for five to ten percent in the residents' consumption expenditure; in France, they occupy about 20 percent of commodities and charges; in Germany, they occupy as much as 22 to 26 percent of commodities and public utilities charges.

What about China? The range of prices under direct government control has been greatly narrowed, but China still has not yet built up an effective price regulation and control system and an improved system of price laws and regulations. Economic means of regulation and control remain ineffective, and legislation relatively lags behind—these have become conspicuous problems in the present reform.

What is gratifying is that in the course of building a socialist market economy, we have had some courageous explorations and attempts: Building up a reserve system and price regulation fund for important commodities; enacting laws to fight improper competition; practicing sales at marked prices; carrying out strict supervision and examination of prices for commodities and services, which were set to be fixed by market...

Building up a price regulation and control system—The pressing tasks we face at present are: To base ourselves

on the present and to take the future into account; to standardize pricing conduct, focusing on stabilizing market prices; and to pay close attention to building and improving economic and legal means for price regulation and control. In particular, we should pay close attention to doing a good job in legislation; to enacting and introducing the "Pricing Law," laws and regulations to oppose cheating, profiteering, and monopolies, and regulations regarding price supervision and check-up, so as to encourage competition, oppose monopolies, protect legitimate profit-making, oppose staggering profits, protect proper transactions, oppose cheating and trampling on customers, deal blows at making fake and inferior products, and gradually promote price control, supervision, and check-up so as to move toward standardization and legalization.

Reform is being constantly intensified, and our understanding of reform also should be constantly intensified. If we solidify and idealize some of the early reform period experiences and results bearing strong development-stage and exploratory characteristics, it possibly may end up bringing us to misled areas of reform.

The socialist market economy is forging ahead gradually, and our understanding and control of basic knowledge and basic market economy law also should move forward gradually. If we adhere rigidly to the understanding of the forms of improved and mature market economy which we have derived from books, and if we lack a sober awareness of some conspicuous contradictions and disorderly conditions in the early market-economy period, our understanding will be easily brought into obscurity in the end.

How should we view price reform? How should we view opposing staggering profits? How should we view the role of the government in price regulation and control? First of all, we should get out of these misled areas and obscurity.

#### Article Compares Company Law, 'Suggestions'

HK0808150294 Beijing ZHONGGUO GAIGE in Chinese No 6, 13 Jun 94 pp 23-26

[Article by Li Zhangzhe (2621 1625 0811): "A Comparison Between the 'Company Law' and 'Standardization Suggestions'"]

[Text] The "Suggestions Regarding the Standardization of Companies Limited by Shares" (abbreviated as "SRSCLS" hereinafter) and the "Suggestions Regarding the Standardization of Limited Liability Companies" (abbreviated as "SRSLLC" hereinafter), both promulgated in May 1992, set boundaries to the mode of operation of companies limited by shares and limited liability companies in China for a given period of time. These two sets of "standardization suggestions," which provided immediate, practical guidance, will be replaced by the "Company Law of the People's Republic of China," to be promulgated on 1 July this year. The

"Company Law" revises some provisions in the existing two sets of "standardization suggestions." The following is a one-by-one comparison of the practical provisions in the "Company Law," in their physical order [wu li shun xu 3670 3810 7311 1645], with the two sets of "standardization suggestions," with a view to better implementing the new law.

### 1. Definitions of Companies

The "Company Law" defines a limited liability company as one in which shareholders assume responsibility for the company proportionate to their contributions and in which the company assumes responsibility for its liabilities with all its assets. This definition is a revision to the formulation contained in the "SRSLLC" which defines a limited liability company as "a corporate legal person which receives contributions from more than two shareholders...accepts responsibility."

The "Company Law" defines a company limited by shares as one in which the company's entire capital is divided into equal-value shares, shareholders assume responsibility for the company proportionate to the shares they hold, and the company assumes responsibility for its liabilities with all its assets. This definition is a revision to the formulation contained in the "SRSCLS" which defines that "a company limited by shares is a corporate legal person whose registered capital comprises equal-value shares, which raises capital by way of issuing shares (or share certificates), and which assumes responsibility for its liabilities with all its assets."

The definitions given by the "Company Law" of the two types of companies are more accurate, complete, and succinct.

### 2. Defining the Rights and Interests of Shareholders

The "Company Law" states that shareholders of a company, as contributors to its capital stock, are entitled to owners' asset returns and the rights of major decision-making and choice of managers, in proportion to the sizes of their contributions; the company is entitled to the entirety of the legal person's rights to the property constituted by shareholders' investments, and enjoys civil rights and assumes civil responsibility as defined by law. The "Company Law" specially emphasizes: The ownership of any state assets of a company is vested in the state. Those provisions of the "Company Law" are to supplement what is missing in the two sets of "standardization suggestions."

### 3. Branch Companies and Subsidiary Companies

The "Company Law" indicates that "a branch company does not enjoy the status of a corporate legal person and its civil responsibility shall be borne by the company. ...a subsidiary company enjoys the status of a corporate legal person and, in accordance with law, independently assumes civil responsibility." This statement is identical

to the relevant provisions in the existing two sets of "standardization suggestions."

### 4. Regarding Investment by Foreign Investors

The "Company Law" provides that "this law applies to foreign-invested limited liability" and as to wholly or partially foreign-funded enterprises, "dedicated provisions in law shall apply." The "SRSLLC" stipulates that "the 'Law of the People's Republic of China on Chinese-Foreign Joint Ventures,' the 'Law of the People's Republic of China on Foreign-Funded Enterprises,' and the 'Law of the People's Republic of China on Enterprises Run by Chinese-Foreign Cooperation' are applicable to foreign-invested enterprises." This shows that the revision by the "Company Law" makes the legal boundaries of foreign-invested and wholly or partially foreign-funded enterprises more specific and unequivocal.

### 5. Number of Founders of a Limited Liability Company

The "Company Law" stipulates that "a limited liability company shall be founded with contributions from more than two and less than 50 shareholders." This is a revision to the provision in the "SRSLLC" that a limited liability company "can be founded only if there are more than two and less than 30 shareholders. Should special circumstances require the number of shareholders to exceed 30, prior approval from the government-authorized department shall be obtained and the total number may not exceed 50."

The "Company Law" specially emphasizes that "an institution authorized by the state to make investment or a state-authorized department may make sole investment to found a solely state-invested limited liability company."

### 6. Matters Requiring To Be Specified in the Articles of Association of a Limited Liability Company

The "Company Law" in principle retains the requirement of the "SRSLLC" on 11 matters that need to be specified, including "the company's name, address, scope of business, registered capital, names of shareholders, rights and interests, and obligations"; and removes the requirement on five other unnecessary matters.

### 7. Minimum Registered Capital of a Limited Liability Company

The "Company Law" agrees with the "SRSLLC" on the minimum registered capital of different types of limited liability companies.

### 8. Forms of Contribution in Limited Liability Companies

The "Company Law" and the "SRSLLC" both stipulate that "a shareholder may make his contribution in currency or do so in kind, in industrial property rights,



non-patent technology, or right of land use, with their value appraised." But the "Company Law" stresses that appraisal of value must be conducted in the case of non-currency contributions, and overestimation or underestimation is not allowed. According to the "SRSLLC," the value of shareholders' contributions in the form of evaluated industrial property rights or non-patent technology may not exceed 20 percent of the total registered capital of the company..., and the maximum is 30 percent. [sentence as published] The "Company Law" has removed the "30 percent" stipulation and clearly sets "20 percent" as the ceiling, while accepting exceptions for the use of high- and new-technology achievements which is under special regulations.

#### **9. Documents Required To Be Submitted for the Incorporation of a Limited Liability Company**

The provisions in the "Company Law" concerning this are roughly the same as those in the "SRSLLC."

#### **10. Subscription Certificates**

The "Company Law" stipulates that the subscription certificate issued to each shareholder after the founding of a limited liability company shall contain five [as published] entries, namely, the company's name, date of registration, registered capital, and the shareholder's name. This is a revision on the basis of the eight-entry requirement of the "Limited Liability Suggestions."

#### **11. Shareholders' Register of a Limited Liability Company**

The "SRSLLC" does not contain any requirement on this. The "Company Law" provides this missing content. The shareholders' register is required to record the name or title of each shareholder, his address, the amount of subscription, and the serial number of his subscription certificate.

#### **12. Specific Rights and Interests of the Shareholders of a Limited Liability Company**

The provision in the "Company Law" on this is quite simple but it does make the special point that "when a shareholder wishes to transfer his subscription to a non-shareholding party, the consent of more than half of all the shareholders must be obtained; the shareholders who do not agree to the transfer should buy the subscription to be transferred and failure to buy the subscription under transfer is considered consent to the transfer. Provided that other conditions are the same, other shareholders have a preemptive right to the subscription the transfer of which has been approved by shareholders." This statement is not found in the "SRSLLC."

#### **13. Setting Up a Shareholders' Assembly**

The "SRSLLC" provides that a limited liability company may or may not establish a shareholders' assembly. The "Company Law" specifies that a shareholders'

assembly should be set up. But it also stipulates that "solely state-funded companies shall not establish a shareholders' assembly and the institution authorized by the state to make investment or a state-authorized department shall authorize the company's board of directors to execute some of the functions and powers of a shareholders' assembly,...."

#### **14. The Functions and Powers of the Shareholders' Assembly of a Limited Liability Company**

The "SRSLLC" only specifies seven functions and powers. The "Company Law" has increased the number to 12. The additional responsibilities include: determining the operational principles and investment strategy of the company; deliberating on and approving the reports from the board of directors, the board of supervisors, or supervisors; and passing resolutions on the issuing of company bonds.

#### **15. Shareholders' Assembly Resolutions of a Limited Liability Company**

The "SRSLLC" points out: "The shareholders' assembly may not pass a resolution unless it is approved by shareholders who hold more than two-thirds of the company's capital and whose number exceeds two-thirds of the total number of shareholders." The "Company Law" does not specify the quantitative parameters for the adoption of a shareholders' assembly resolution, but it does indicate that "any resolution by the company to increase or reduce registered capital, split, merge, dissolve, or alter the form of incorporation shall not enter into effect unless adopted by shareholders representing over two-thirds of the votes" and that "any resolution to revise the articles of association shall not enter into effect unless adopted by shareholders representing over two-thirds of the votes."

#### **16. Convening of the Shareholders' Assembly**

The "Company Law" and the "SRSLLC" contain the same provision on the regular convening of the shareholders' assembly. As to the convening of an interim shareholders' assembly, the "Company Law" stipulates that "through a motion by shareholders representing over a quarter of the vote or by over one-third of all the directors or supervisors, an interim meeting can be convened." But the "SRSLLC" stipulates that as long as "over one-third of directors or over one-third of shareholders or supervisors make such a proposal," an interim shareholders' assembly can be convened. Both the "Company Law" and the "SRSLLC" provide that a shareholders' assembly shall be chaired by the chairman of the board of directors. If for some reason the chairman of the board cannot do so, according to the "Company Law," the meeting shall be chaired by a vice chairman of the board or another director named by the chairman of the board. The "SRSLLC" provides that the meeting can be chaired by another director as the chairman's proxy in this situation.

#### 17. Representative of the Legal Person

Both the "Company Law" and the "SRSLLC" provide that the chairman of the board of directors be the statutory representative of a limited liability company.

#### 18. Setting Up a Board of Directors

The "Company Law" provides that a limited liability company may or may not (in the case of a small-scale company) form a board of directors. This is a revision to the requirement in the "SRSLLC" that setting up a board of directors is imperative. In the absence of a board of directors, according to the "Company Law," the executive director shall be the statutory representative of the company.

#### 19. Terms of Reference of the Board of Directors of a Limited Liability Company

The "SRSLLC" specifies nine powers vested in the board of directors, while the "Company Law" provides 10. The additional content in the "Company Law" is that of the requirement that the board of directors "implements the resolutions of the shareholders' assembly."

#### 20. Term of Office of the Directors of a Limited Liability Company

This is not laid down in the "SRSLLC." The "Company Law" specifies that the term of office of directors shall be provided in the company's articles of association, but that each term may not exceed three years. Upon the expiration of his term, a director may renew it through reelection.

#### 21. Terms of Reference of the Managers of a Limited Liability Company

Both the "Company Law" and the "SRSLLC" contain stipulations on the appointment of managers by the board of directors and the former has supplemented the latter with the concept of "termination of engagement." Managers shall be in charge of the routine productive, operational, and management activities, with eight functions and powers, and the two documents do not differ significantly from each other in their provisions and contents in this regard. But the "Company Law" contains clear stipulations on such affairs as the general manager proposing to appoint or dismiss deputy managers, financial managers, or executives other than those whose engagement or dismissal is determined by the board of directors which, not being found in the "SRSLLC," strengthen the authority of managers in personnel-related matters.

#### 22. The Board of Supervisors

Both the "Company Law" and the "SRSLLC" indicate that a limited liability company may set up a board of supervisors composed of a minimum of three members who can be reelected and whose terms can be renewed.

What is different is that the "Company Law" provides that the term of office of a supervisor is three years, while the "SRSLLC" does not contain this provision. The "SRSLLC" stipulates that half of the supervisors on the board of supervisors shall be representatives of workers and staff (including representatives of the trade union organization). But the "Company Law" amends this stipulation to read: "The board of supervisors shall consist of shareholders' representatives and an appropriate percentage of representatives of the company's workers and staff. The specific percentage shall be set in the articles of association." The "Company Law" and the "SRSLLC" basically agree with each other on the terms of reference of the board of supervisors.

#### 23. Qualifications of Directors, Supervisors, and Managers

The "Company Law" stipulates that civil servants of the country may not concurrently assume the post of director, supervisor, or manager of a company. This stipulation is not found in the "SRSLLC."

#### 24. Solely State-Funded Companies

This is a form of company specially adopted to cater to China's unique conditions and is not covered in the "SRSLLC." The "Company Law" states that a solely state-funded company shall operate in the following areas in a unique way on the principle that approval is obtained from "an institution authorized by the state to make investment or a state-authorized department": The founding; the articles of association; the board of directors; the management of state property; the term, appointment, or replacement of directors; the appointment of the chairman of the board of directors; and the transfer of assets.

#### 25. The Founding of a Company Limited by Shares

The "Company Law" has annulled the formulation in the "SRSCLS" that a company limited by shares may be founded through fund-raising. The "Company Law" only defines the methods of founding by initiation and founding by fund-raising. It also emphasizes that approval from a department authorized by the State Council or a provincial-level people's government must be secured before a company limited by shares can be founded.

#### 26. Number of Initiators

The "SRSCLS" stipulates that a minimum of three initiators is required to found a company limited by shares. The "Company Law" revises this minimum number of initiators to five and further provides that at least half of the initiators must be resident in the territory of China. But in the case of a company limited by shares transformed from a state-owned enterprise, the number of initiators may be less than five, but the company can only be founded by fund-raising.

**27. Registered Capital of a Company Limited by Shares and the Subscription of Shares by Initiators**

The "Company Law" has the same stipulation as the "SRSCLS," i.e., the minimum registered capital is 10 million yuan and, in the case of companies limited by shares founded through fund-raising, the shares subscribed by the initiators should be no less than 35 percent of the total capital stock of the company.

**28. Form of Contribution by the Initiators of a Company Limited by Shares**

The "Company Law" provides that the initiator may make his contribution in currency or do so in kind, industrial property rights, non-patent technology, or right of land use, with their value appraised; while the "SRSCLS" stipulates that this form of contribution applies to "shareholders," not "initiators." Therefore, in the future, only "initiators" will be entitled to this power.

**29. The Articles of Association of a Company Limited by Shares**

The "Company Law" contains 13 clauses on this topic, four clauses less than the "SRSCLS." The "Company Law" also provides footnotes to such matters as "the name or title of the initiator and the amount of shares subscribed," which will give greater transparency to the distribution of shares.

**30. Prospectus**

The "SRSCLS" does not cover this. The "Company Law" clearly states that "the initiators must publish a prospectus when raising shares from the public" and that the prospectus shall specify five pieces of information, including the amount of shares subscribed by the initiators and the face value of each share.

**31. Founding Assembly**

The "SRSCLS" stipulates that initiators shall convene a founding assembly within 40 days of receipt of full payments for the shares issued and notify all subscribers to attend it. The assembly can proceed with an attendance of subscribers (or their proxies) representing over two-thirds of the shares. If the representation is less than two-thirds, the date can be deferred by 20 days, after which, if the representation remains below two-thirds (after renewed notification), a quorum will be acknowledged notwithstanding. The "Company Law" revises this provision to read: The founding assembly shall be convened within 30 days; it may not proceed unless attended by subscribers representing over half of the total shares, thus scrapping the "20-day postponement" policy.

The founding assembly has seven functions and powers according to the "Company Law," including the requirement that the assembly should "audit the company's

founding expenditures and the evaluation of the initiators' assets pledged in payment for the shares subscribed." This special provision is not found in the "SRSCLS."

Both documents stipulate that within 30 days of the closing of the founding assembly, the company shall forward relevant documents to the registration organ and apply for founding registration. The "Company Law" specially provides that "the company registration organ shall, within 30 days of receipt of the application from the company limited by shares for founding registration, decide for or against such registration." A public announcement shall be made after the founding of the company. This provision is not found in the "SRSCLS."

**32. Terms of Reference of the Shareholders' Assembly of a Company Limited by Shares**

The "SRSCLS" specifies 10 functions and powers; the "Company Law" specifies 11. The additional text is "to determine the company's operational principles and investment strategy."

**33. Convening of the Shareholders' Assembly by a Company Limited by Shares**

The "SRSCLS" has the same provision as the "Company Law," i.e., the shareholders' assembly shall be convened once every year. As to the calling of an interim shareholders' assembly, the "SRSCLS" specifies four conditions while the "Company Law" specifies five, one set identical to the other except for the disparity in the number of "director vacancies:" the former sets it at "one-third" and the latter "two-thirds." [sentence as published] The shareholders' assembly shall be convened by the chairman of the board of directors, a provision found in both documents. However, the length of notice to shareholders differs: The former requires notice of 30 days to 60 days, while the "Company Law" provides that shareholders shall be notified of the assembly "30 days" in advance.

**34. Resolutions of the Shareholders' Assembly of a Company Limited by Shares**

The "Company Law" stipulates that the shareholders' assembly cannot pass a resolution unless it is adopted by over half of the votes held by shareholders attending the assembly. A two-thirds majority vote is required for a resolution on the company's merging, splitting, dissolution, or revising its articles of association. This is a revision to the requirement in the "SRSCLS" on the adoption of common resolutions and special resolutions.

**35. Rights and Obligations of Shareholders**

The "SRSCLS" and "SRSCLS" provide detailed and exhaustive listings of the rights and obligations of shareholders; the "Company Law" does not list them in a clear, detailed, and exhaustive fashion. But the "Company Law" does stipulate that "if a resolution of the shareholders' assembly or the board of directors violates



the law or administrative regulations, and constitutes an infringement of a shareholder's legitimate rights and interests, it is the right of the shareholder to take proceedings in the people's courts demanding an end to the law-violating act and infringement."

### 36. Board of Directors of a Company Limited by Shares

The "SRSCLS" stipulates that the members of a board of directors shall be no fewer than five. The "Company Law" revises this figure to "five to 19 members."

The two documents do not show significant difference in defining the terms of reference of the board of directors. However, the "Company Law" does cancel the provision that when the board of directors is moving toward a resolution, "the chairman of the board holds two votes if the debating parties have the same number of votes." It indicates that any resolution made by the board of directors "becomes effective only if adopted by more than half of all the directors."

When the board of directors is electing its chairman, according to the "SRSCLS," the chosen candidate should be supported by "two-thirds" or more of the directors. The "Company Law" revises the majority proportion to "more than half."

The term of office of a director is three years, which is renewable by reelection. This provision is found in both documents. Whether or not a non-shareholding person can become a director is not specified in the "Company Law" but it is approved in the "SRSCLS."

### 37. Managers of a Company Limited by Shares

Managers are to be appointed by the board of directors. This provision is found in both documents. The "Company Law" gives managers more authority in managing personnel affairs and vests in them an additional power "to formulate proposals for the setup of management structure within the company." It also provides that managers may attend the meetings of the board of directors in a nonvoting capacity.

### 38. The Board of Supervisors of a Company Limited by Shares

The similarity between the two documents is the stipulation that members of the board of supervisors should be no fewer than three, with a three-year term of office which is renewable by reelection. The difference is that the "Company Law" scraps the function of the board of supervisors stipulated by the "SRSCLS" "to make representations to the board of directors or to take proceedings against directors" and "to be responsible and report to the shareholders' assembly." The "SRSCLS" stipulates that "any resolution made by the board of supervisors shall become effective only if consented to by two-thirds or more of supervisors by vote." The "Company Law" revises this and only states that "the way in

which the board of supervisors deliberates on affairs and its voting procedure shall be specified in the company's articles of association."

### 39. Issuing of Shares

The "Company Law" emphasizes that the issuing of shares should follow the principles of "three publics [san gong 0005 0361]" and of "same rights and same benefits for the same shares"; removes preferred shares and preferred share certificates; makes no mention of the concept of "state shares, legal person's shares, individual's shares, foreign-capital shares, and shares held by company staff"; and specifies that the company may issue bearer shares to the general public and defines the concrete conditions for the issuance of new shares by a company. These clauses are not found in the "SRSCLS."

### 40. Transference of Shares

The "Company Law" stipulates: That transference of shares must be conducted on the site of a legitimately established stock exchange; the methods for transferring registered shares and bearer shares; that the company's shares held by its initiators may not be transferred within three years of the founding of the company (one year according to the "SRSCLS"); that the company's shares held by the company's directors, supervisors, and managers may not be transferred within their terms of office (while the "SRSCLS" stipulates that such shares may not be transferred within three years, and that after three years the shares transferred during their terms of office, with prior approval from the board of directors, may not exceed 50 percent of all the shares they hold in the company); and that the company may not buy its own shares, except when shares need to be nullified to reduce the company's capital or when the company is merged with another company holding the company's shares. The above-mentioned provisions are absent from the "SRSCLS."

### 41. Listed Companies and Company Bonds

Virtually no provision is made in the "SRSCLS" on listed companies and company bonds. The "Company Law" sets rather specific stipulations on these.

### 42. Distribution of Profits

Because it has removed preferred shares, the "Company Law" stipulates the following order of profit-distribution for companies (referring to limited liability companies and companies limited by shares, and similarly herein-after):

The profit made in the course of the current year shall cover any losses incurred; 10 percent of the profit shall be drawn in contribution to the statutory public reserve fund; through resolution by the shareholders' assembly, a sum shall be drawn in contribution to the voluntary public reserve fund; 5 to 10 percent shall be drawn in

contribution to the statutory provident fund (not covered in the "SRSCLS," which mentions the provident fund only, but not the percentage to be drawn); the profit balance following compensation for losses and retention for public reserve funds and the statutory provident fund shall be distributed by a limited liability company according to the relative sizes of its shareholders' contributions and by a company limited by shares according to the shares held by shareholders.

The "Company Law" does not mention the form of distribution of share dividends. The "SRSCLS" stipulates that it can be done in cash or shares.

#### 43. Merging and Splitting of a Company

The "Company Law" stipulates that the merging or splitting of a company should be decided by resolution of the company's shareholders' assembly; and that the merging or splitting of a company limited by shares shall be conducted with approval from a department authorized by the State Council or a provincial-level people's government. The "SRSCLS" and "SRSLLC" contain rather specific stipulations on the merging or splitting of a company, while the "Company Law" is rather succinct about it.

#### 44. Bankruptcy, Dissolution, and Liquidation of a Company

The "Company Law" does not show significant difference from the "two sets of suggestions" on the bankruptcy, dissolution, and liquidation of companies. As to the procedure for liquidation in particular, all of them require priority settlement of wages and labor insurance.

#### 45. Branch Organizations of Foreign Companies

The "Company Law" contains special provisions on this, which are not found in the "two sets of suggestions."

#### 46. Legal Responsibility

Though the "two sets of suggestions" stipulate that penalties be imposed for law-violating behavior, the actual methods of penalizing are left for the relevant industrial and commercial administration, financial, taxation, and supervisory organs to draw up. The "Company Law," on the other hand, provides in specific terms for monetary penalties and procedures for affixing criminal responsibility for every type of violation of law.

Finally, the "Company Law" shall enter into effect as of 1 July this year. Companies that were registered and founded in pursuance of the previously applicable laws, regulations, and standardization suggestions prior to the implementation of this law shall be retained. Those among them which fail to measure up completely to the terms and conditions specified in this law are required to improve before a prescribed deadline. "The actual measures to be taken to enforce this law shall be further provided for by the State Council."

#### Beijing Automates Export, Import Customs Declaration

OW0808112594 Beijing XINHUA in English 0753  
GMT 8 Aug 94

[Text] Beijing, August 8 (XINHUA)—Importers and exporters in Beijing are now able to finish customs declaration procedures in their offices instead of lining up before the customs counters as new computer technology has been applied.

The new technology, named the "electrical digital interchange", connects the computers at the customs headquarters with those of customers and automatically handles declaration reports and other papers.

The customs computers examine all the papers and decide which channel the declared cargo should go through.

More than 80 amounts of import and export cargos have been declared through the new system every day since it was introduced April 1.

#### Beijing Signs Contracts on Labor Exports

OW0808135794 Beijing XINHUA in English 1256  
GMT 8 Aug 94

[Text] Beijing, August 8 (XINHUA)—More and more Chinese people have been sent abroad to work over the past few years to fulfill labor contracts of various kinds signed between China and other countries.

According to the Beijing-based SCIENCE AND TECHNOLOGY NEWS, by the end of 1993, the country had signed 36,384 contracts governing labor exports with other countries, with contracts valued at 6.635 billion U.S. dollars, and had completed a volume of business totalling 3.455 billion U.S. dollars.

More than 760,000 Chinese people engaged in different spheres had been sent out to conduct labor work in foreign countries, including 532,000 people sent abroad to engage in simple labor services.

The country first started to export labor in the late 1970s, and the service then was limited only to undertaking the construction of industrial projects in the Middle East.

So far, more than 404 Chinese companies are specializing in the export of labor, said the newspaper, added that Chinese labor workers are now distributed to work on contracted projects in more than 170 countries and regions of the world.

Technical qualifications of export laborers have undergone great improvement in recent years. An increasing number of senior technical and management talents in the fields of consulting, prospecting and design, installation and repairs have also been sent abroad to help fulfill labor contracts.

Last year, laborers sent abroad earned more than 600 million U.S. dollars from performing overseas labor services, according to the newspaper.

### Shanghai Cracks Down on Illegal Textile Transshipments

HK0908102094 Beijing JINGJI CANKAO BAO in Chinese 14 Jul 94 p 2

[By correspondent Guan Xuan (7070 6513) and reporter Xia Ruge (1115 0320 7041): "The Shanghai Customs House Cracks 40 Cases of Illegal Textile Transshipments"]

[Text] Attempts at illegal textile transshipment often occur at the port of Shanghai. According to Shanghai Customs statistics, from April to June this year alone, the customs discovered 40 cases of illegal textile transshipments involving a total of 12 million yuan.

A customs official said: Shanghai, which is geared to the whole country, is an important port open to the outside world. Some enterprises try to seek great profits in export. In their attempts to carry out illegal transshipment activities in Shanghai they compete with each other to violate the management of textile exports through quotas. The tricks they play to evade customs control include the use of forged names of goods or forged labels sewn onto textiles stating that they are made in a third country. During an inspection, the customs discovered that the trading and consuming countries declared by a certain fashion company in the export of some silk garments were entirely different from the target port marked on the external packaging which was in a country with quotas.

To crack down on illegal textile transshipments, Shanghai has strengthened port supervision and management. All export textiles to be exported in containers, with the exception of those to be exported to countries without quotas, have to be sent to the supervision and management station to be inspected as key goods for inspection. Documentation for export textiles is examined and verified carefully. Any problem discovered is thoroughly investigated. Regarding export textiles with neutral packaging, the organization to which they belong must make a declaration at the customs against an export contract, and it should be noted on the contract that the goods will not be exported to countries with quotas.

### Armed Police Frontier Units Cracks Down On Smuggling

OW0808141194 Beijing XINHUA Domestic Service in Chinese 0954 GMT 6 Aug 94

[By reporter Gai Jindong (5556 6855 2639) and correspondent Li Daijun (2621 0108 6511)]

[Text] Beijing, 6 Aug (XINHUA)—According to the Public Security Ministry Frontier Guard Bureau, in the first six months of this year, armed police frontier units,

on the basis of consolidating last year's antismuggling achievements, gave full play to their role and took strong and intensified measures to crack down on smuggling, thereby effectively checking the rampant trend of smuggling in coastal regions and helping strengthen public security, clean the environment in trade ports, and safeguard economic and public order in the frontier and coastal regions.

According to statistics, in the January-June period, armed police frontier units uncovered 299 smuggling cases, including 67 especially serious cases each involving more than 1 million yuan. They also intercepted 257 smuggling ships, including 24 that were foreign-registered, and confiscated smuggled goods worth more than 600 million yuan.

Since the beginning of this year, armed police frontier units have earnestly implemented the guidelines of the national antismuggling conference and actively cracked down on smuggling.

It is understood that most smuggled goods were cigarettes, while cases of narcotics and counterfeit currency smuggling increased slightly. In the first six months, armed police frontier units seized 156,436 boxes of smuggled cigarettes, up 11 percent from the second half of last year. Smuggled-cigarette cases busted by the frontier corps of Fujian, Zhejiang, Hebei, Liaoning, and Hainan Provinces constituted more than 90 percent of the total cases. In the first six months, armed police frontier units seized 32,6658 kilograms of heroin. On 9 March and 3 June alone, the frontier corps of Fujian and Guangdong seized smuggled counterfeit currency worth 6 million and some 18 million yuan Renminbi, respectively.

While stepping up coordination with the frontier corps in various provinces in jointly cracking down on smuggling, armed police frontier units have strengthened international cooperation; and have signed agreements on jointly cracking down on smuggling, drug trafficking, and other crimes with Japan, the DPRK, Mongolia, Russia, Kazakhstan, and Kyrgyzstan, thereby facilitating the antismuggling struggle.

### Pacific Insurance Company To Expand Business

OW0808144294 Beijing XINHUA in English 1358 GMT 8 Aug 94

[Text] Qingdao, August 8 (XINHUA)—The Pacific Insurance Company of China will accelerate its development by setting up a nationwide network, said Lin Zhongjie, general manager of the company.

The company, insurer for the launching of the APSAT-1 last month, is the first nationwide commercial insurance company in China headquartered in Shanghai.

The company hopes to make 4 billion yuan in insurance earnings by the end of this year, which will be 1 billion yuan more than previously planned, according to the general manager.



From March this year, they added 14 new branches on the mainland and one in Hong Kong, bringing the total number of branches to 35.

The company will be converted into a joint stock company this year and will offer insurance services in short-term life insurance and health risks.

### **China's Container Transport Ranks First in World**

*OW0808173594 Beijing XINHUA in English 1536 GMT 8 Aug 94*

[Text] Beijing, August 8 (XINHUA)—China's container handling capacity has surpassed the Republic of Korea, ranking first in the world, according to state transport officials.

The officials said that China has built a diversified port and shipping system in the past 15 years and container shipping ability has greatly improved.

They said that China's container transport industry started in 1978 when the first international container transport route between Shanghai and Australia was opened by the China Ocean Shipping Corporation (COSCO).

To date, it has 47 international ports and 30 special berths with an annual handling capacity of more than three million standard containers.

The total volume of freight handled by China in 1993 reached 3.755 million standard containers.

A regional container transport center has taken initial shape, including Tianjin, Shanghai, Beilun, Shekou and Dalian ports.

China has set up more than 70 shipping companies with over 1,000 container ships of different kinds and 300,000 containers of various international standards.

As the biggest container operation in the country, COSCO now has 135 container ships and is planning to add eight new container ships to its fleet.

To meet the needs of the growing container transport industry, China has opened 204 container shipping routes leading to countries and regions throughout the world.

By the end of the century, China expects to have 150 ships with a load capacity of 200,000 standard containers.

### **Statistics Show Silk Exports Increase**

*HK0908070894 Beijing CHINA DAILY in English 9 Aug 94 p 2*

[By Qiu Qi: "Growth in Exports Fuels Silk Industry"]

[Text] After a productive first half, China's silk exports are expected to continue expanding through year's end.

An industry official attributed the growth to the recovery of the Western silk market and better management in many silk firms.

Silk exports last year hit their lowest price since the 1970's.

In the first half of the year, China exported \$1.22 billion worth of silk products, 37.2 percent over the same period last year, according to an official with the China National Silk Import and Export Corporation.

The export volume of raw silk reached \$544 million during the first half, compared with \$353 million during the same period last year.

China occupies 85 percent of the world's total raw silk trade and its exports of finished silk products account for 50 percent of the world total.

Last year, the country exported \$3 billion worth of silk products, of which raw silk accounted for \$800 million.

And the price of Chinese silk shirts on the world market fell 25 percent over 1992.

A sluggish world market and lack of co-ordination among Chinese silk exporters caused the decline, the official said.

The United States is China's largest silk trading partner. Last year, Chinese silk made up 70.4 percent of U.S. silk imports. The price of Chinese silk, however, was below the average world price.

This year the situation has improved as the government has exercised stricter control over the expansion of the silk industry, the official said.

Nevertheless, China's silk production scale has already grown too much. In big silk-producing provinces such as Jiangsu, Zhejiang, Shandong and Sichuan, the production capacity has risen 20 to 40 percent annually in recent years.

Production has exceeded export demand, causing a shortage of raw materials and inefficiency, the official said.

Poor quality has also become a problem.

At present most of Chinese silk exports are low-grade garments. High value-added silk products are dominated by European countries such as France and Italy who make expensive garments with raw Chinese silk.

China needs a company to manage silk production and exports, the official said.

The company would help the State set up a coordinated system to produce, distribute and market silk and put all aspects of the industry under control. It would manage firms from cocoon growing to tailoring and to trading.

### **Motor Firm Announces Oversubscription on Public Offer**

OW0808135894 Beijing XINHUA in English 1252  
GMT 8 Aug 94

[Text] Hong Kong, August 8 (XINHUA)—China's premier light-duty truck producer, Qingling Motors Company Ltd, announced today a 22.5 times' oversubscription for the company's public offer of 100 million H shares in Hong Kong.

The international placing of 400 million H shares has also been well received.

1,538 valid applications were received for a total of 2,347,702,000 H shares. As a result, approximately 4.9 billion HK dollars (about 0.63 billion U.S. dollars) was tied up.

Through the combined offering, approximately 1,035 million (about 132 million U.S. dollars), before expenses, will be raised. The combined offering comprises an international placing for 400 million shares and a public offering in Hong Kong of 100 million shares.

Investors for the international placing have the option of accepting the shares in the form of H shares or global depository shares (GDS). One GDS will be equivalent to 50 H shares.

The initial issue price of the RMB1.00 par value shares is 2.07 HK dollars (about 0.265 U.S. dollar) per H share. The equivalent GDS price is 13.40 U.S. dollars per GDS.

Trading of shares is scheduled to commence on August 17.

### **Two Guangzhou Futures Exchanges Merge**

HK0908101394 Beijing CEI Database in English  
9 Aug 94

[Text] Guangzhou (CEIS)—Huanan (also South China) commodity futures exchange and Guangzhou commodity futures exchange, two futures markets based in Guangzhou city, south China, have merged into Guangdong united futures exchange.

The new exchange went into operation on August 8. With 260 computer trading seats, the exchange will trade in six categories of commodities and securities, namely sugar, petroleum, nonferrous metals, treasury bonds, grains and oils, and rubber.

The trading pools of the original two exchanges will continue to be used by the new exchange.

Founded in May 1993, Huanan commodity futures exchange was a major sugar market in the country. Commodities traded on the Guangzhou commodity futures exchange were similar to those at Huanan. The merge brought an end to their rivalry, a market official said.

### **Article Criticizes Taxation Reform**

HK0908085694 Hong Kong TA KUNG PAO in Chinese  
8 Jul 94 p 20

["Special article" by Wang Zuo (3769 3820): "Commenting on Achievements, Hidden Worries of Fiscal and Taxation Reform"]

[Text] The fiscal and taxation reform, which started this year, has attained certain achievements by and large. This is the principal aspect of the reform. However, this new reform has also brought new hidden worries. In facing contradictions which have cropped up on our way ahead, we should promptly work out countermeasures to ease such contradictions. Only by so doing can we consolidate the achievements we have already attained in fiscal and taxation reform, remove the hidden worries brought by the reform, and stabilize the overall situation of reform.

#### **I. Achievements Already Attained in Fiscal and Taxation Reform**

Fiscal and taxation reform, which began six months ago, has scored apparent results in the following three aspects:

1. The reform has successfully readjusted the distribution pattern of financial resources and has ensured that state financial revenue will grow at a higher rate than local financial revenue. This trend will become more obvious with the lapse of time, thus putting an end to the unreasonable phenomenon in distribution relations in the past where local finance could retain an excessively large proportion of their financial revenue. Take Guangdong for example. An initial estimate shows that the province will have to turn over 4 to 5 billion yuan more in 1994 to state finances.

2. The distribution relations between state and local finance has been standardized in terms of structure. The previous financial structure where different tax categories and rates were designed for different localities has been replaced by a nationwide unified financial structure which meets the requirements of the socialist market economic structure.

3. The unified tax categories imposed nationwide have successfully plugged loopholes.

During the first quarter of this year, the growth rate of financial revenue was higher than that of economic growth. We need to make careful analyses in such a situation, for there are both abnormal and irrational factors as well as normal and rational factors.

#### **II. Hidden Worries Brought by Fiscal and Taxation Reform**

While recognizing our achievements in fiscal and taxation reform, we are also aware of underlying worries. From where can we obtain the basic accumulation of capital for China's industrialization? We can neither

obtain this by plundering the resources of other countries, nor will we subserviently beg others by humiliating the nation and forfeiting our sovereignty. The only thing we can do is to abide by the principle of stressing self-reliance while making foreign aid subsidiary. Over the past 15 years, we have devoted great efforts to opening our country to the outside world and have made use of a certain amount of foreign investment. In 1993, foreign investment in Guangdong made up about 40 percent of the province's total fixed-assets investment. With such a big proportion of foreign investment, Guangdong probably ranks first in the country in terms of foreign investment. Even so, it still needs to accumulate the remaining 60 percent of the investment needed. This is the situation faced by Guangdong in obtaining the basic capital accumulation necessary for its industrialization.

People outside Guangdong say that Guangdong is a well-off province. As a matter of fact, Guangdong's finances are also "only sufficient to feed its people," and the province is still incapable of shouldering the heavy task of providing the basic capital accumulation for its industrialization. What can Guangdong do then? The only way out is to carry out reform. In the practice of reform over the past 15 years, Guangdong has come out with the framework of a mechanism for obtaining accumulation for industrialization:

Both urban and rural residents are encouraged to put their savings in banks. State-owned enterprises, especially township and town enterprises, are allowed to obtain loans from banks and invest the money in building new enterprises or in the technical transformation of old enterprises. These enterprises will repay their loans to the bank with the profits they earn from their enterprises. Considering that some enterprises will be unable to repay their loans in a short time, the state will allow them to repay loans before paying taxes or, under exceptional circumstances, will even grants by special permission on using turnover tax to repay bank loans. Judged by the functions of social accumulation, this is a mechanism of primitive accumulation for industrialization jointly comprising the three factors of credit, taxation, and finance. It is this mechanism that has backed the general development of the publicly owned economy over the past 15 years, including the general development of township and town industries and local industries.

The composition of this basic accumulation mechanism for industrialization is a huge achievement of both financial reform and fiscal and taxation reform over the past 15 years. However, three new measures will be introduced in fiscal and taxation reform this year: 1) Only 25 percent of revenue from value-added tax goes to local finances, while the remaining 75 percent will be deemed as revenue for state finances; 2) the right to grant tax reductions and exemptions will be centralized to the central financial authorities; and 3) the method of allowing enterprises to repay bank loans before paying

tax will be abolished. These three measures will bring new worries for state finances:

1. The mechanism of basic accumulation for industrialization will be strangled.

What Xinhui City's financial bureau said reflects a grave problem: "It is stipulated in the new taxation system that local financial authorities will no longer enjoy the right to grant tax exemptions to enterprises." This stipulation runs totally counter to the wealth-amassing principle of "giving in order to take," thus strangling the mechanism of basic accumulation for industrialization. Xinhui City's financial bureau cited the example of the Xinhui Polyester Fiber Plant. This plant was exempted from turnover tax during the first two years of operation; starting in the third year, the plant was required to pay half of the exempted amount while repaying bank loans. Judging from accounting on a cash basis, the government has lost a large amount of tax revenue, however, judging by accounting on an accrued basis, the government has bought a large-scale modern enterprise for merely the cost of the amount of tax revenue it lost. What is more, the government can gain greater financial returns after it becomes the owner of these large modern enterprises. As a matter of fact, this enterprise turned over 5 million yuan in tax and 3 million yuan of profits to the state, totaling 8 million yuan, in the third year of its operation; 11 million yuan in tax and 8 million yuan of profits, totaling 19 million yuan, in the fourth year; and 13 million yuan in tax and 10 million yuan of profits, totaling 23 million yuan, in the fifth year. Apart from these, the enterprise also used 3 to 5 million yuan each year to sponsor various social welfare activities. That is to say, starting from its fifth year of operation, this enterprise gave 26 to 28 million yuan to society each year. This is a good example of how an enterprise makes inputs with loans borrowed from banks and then relies on the government's tax reduction and exemption policies to repay the loans, and how the government eventually becomes the owner of this enterprise at no cost. It is precisely because of this mechanism for basic accumulation for industrialization that this enterprise could undergo such great development. Also thanks to this mechanism, the government can gain a financial return of 23 million yuan starting in the fifth operational year of the enterprise.

This kind of primitive accumulation mechanism for industrialization is a combination of what are called in colloquial Cantonese "inputs on borrowings" and "breeding fish by first letting water into the pond." What is crucial in this mechanism is the combination of both factors. However, the aforementioned stipulations set in the new taxation system will sever the link between the two factors, thus strangling the mechanism of basic accumulation for industrialization. From a long-term point of view, the new fiscal and tax reforms will be unable to achieve their goal of expanding sources of tax revenue and will instead result in laying obstacles to expansion.



2. The basic accumulation mechanism of enterprises will be strangled.

The new taxation system has abolished the practice of allowing state-owned enterprises to repay loans before paying tax. As a matter of fact, all enterprises need to make supplementary inputs in order to survive acute market competition. However, there is no mechanism for supplementary inputs in state-owned enterprises. Keynes once said that state enterprises enjoyed the paternal love of the government. This is a one-sided concept divorced from reality. The reality is that no state enterprise invested by the government has ever "fattened." This is because, in raising an enterprise into a "Kelang [0344 2597] pig," the state takes away almost every thing from the enterprise, including its taxes, profits, and depreciation. This is not paternal love but maltreatment extended to a child by its "mother turned stepmother." Such maltreatment will continue until the state enterprise reaches old age, and all its equipment, technology, and products are aged and outdated and many of its workers live on retirement pensions. By this time, a profitable enterprise will have become a loss maker, and its workers and staff will become "burdens" on the government. Under such circumstances, out of consideration for social stability, the government has no choice but to make up for the losses of this enterprise. The paternal love Keynes talked about refers to this fact, not the entire development process of an enterprise.

The enterprise reform and reforms of the monetary, taxation, and financial systems over the past 15 years have created a basic accumulation mechanism for state-owned enterprises. Bank loans and pre-tax loan repayments are the two major factors forming this mechanism. With this mechanism of basic accumulation, enterprises can go ahead with technological transformation even if they do not have the money, as they will have the ability to repay the bank loans once they have enhanced their economic returns through technological transformation. However, a contradiction exists between the two, because it takes time for enterprises to gradually enhance their economic performance and accumulate wealth, yet they have to repay their bank loans within a prescribed period of time. One solution to this contradiction is to practice a policy of allowing enterprises to repay their bank loans before paying tax.

There has always been praise and censure toward the policy of "allowing enterprises to repay bank loans before paying taxes." Those who base their views on cash basis accounting adopt a derogatory approach toward this policy, deeming that it allows enterprises to sit idle and use the government's income tax revenues to finance their own expenses.

Those who base their views on accrued basis accounting believe, however, that through this practice, the government can make supplementary inputs into its own enterprises by means of suspending the imposition of taxes. From assets brought by such supplementary inputs, the

government can then gain returns from both the turnover and income tax of its enterprises. In essence, the postponed imposition of income tax is one where the government can gain returns from turnover and income taxes by first postponing the imposition of income tax. Pre-tax loan repayment is just a variation of the input method used by investors under the publicly owned economy and is therefore not contradictory with the principle of equal tax burdens.

The new taxation system has now abandoned the practice of pre-tax loan repayment. On the surface, the new system has indeed reached its goal of standardization. Yet, in reality, such false standardization will finally devour the basic accumulation mechanism of enterprises, destroy the derivation mechanism of tax revenue sources, limit our efforts to expand sources of tax revenue, and hinder technological progress. The existing fact that many state-owned enterprises lack enthusiasm for technological transformation is clear proof.

### **Beijing Produces 14.12 Million Tons of Crude Oil in Jul**

OW0808112494 Beijing XINHUA in English 0833  
GMT 8 Aug 94

[Text] Beijing, August 8 (XINHUA)—China produced more than 14.2 million tons of crude oil in July, a slight increase over the previous month.

According to figures released by the China National Petroleum Corporation (CNPC), in July the onshore oil output was 11.8 million tons.

Yet the accumulated onshore crude production over the past seven months totaled 81 million tons, or 58 percent of the year's target.

The statistics showed that China's major oilfields, such as Daqing, Shengli, Huabei and Liaohe, have succeeded in stabilizing their oil production.

And the newly developed fields, including the Turpan-Hami and Tarim fields, registered rapid growth—above 20 percent over the same period of last year—in oil output.

In July China's natural gas yield reached 1.35 billion cu m, bringing the seven-month total to 9.39 billion cu m, two percent more than in the same period a year ago.

China expects to produce 140 million tons of crude oil and 16 billion cu m of natural gas this year. Experts believe these targets can be hit as long as the current production trend continues into the remaining months of the year.

### **Mining Industry To Open to Foreign Investors**

HK0908070594 Beijing CHINA DAILY in English  
9 Aug 94 p 1

[By Xie Yicheng: "Mining Industry Opening to Foreigners"]

[Text] The mining industry, which supplies vital fuel and raw materials to China's fast-developing economy, is opening its arms to foreign investors while offering its services to clients overseas.

Wang Xionglin, a senior official from the Ministry of Geology and Mineral Resources, said in an interview yesterday that it is an "opportune" time for China to expand global cooperation in this sector.

Against the backdrop of a sluggish world mineral market, with the exception of oil and gas, China's appetite for resources is voracious.

"The projected economic pace of 8 to 9 percent in the next couple of years requires the same growth in ore supply and a higher rate in energy," said Wang, head of the ministry's Department of International Cooperation.

As it becomes harder to find new reserves and extract old ones, he called the influx of up-to-date technology and foreign investment "an inevitable path to boosting mining capacity."

Though the State Council has yet to enact detailed rules on foreign investment for mineral exploration and extraction, Wang promised that will not affect teamwork with overseas investors.

The State encourages foreign investors to mine an overwhelming majority of minerals, even granting them priority, Wang said.

Out of national interest, though, it bans foreign involvement in uranium, tungsten and tin mining, as well as restricts extraction of gold and rare earth.

Nevertheless, a batch of low-grade gold deposits will be available to foreign investors by the Gold Bureau of the Ministry of Metallurgical Industry.

Foreign companies can launch joint ventures or cooperate in gold mining in China, but they must sell the gold produced to the Chinese Government.

Australian BHP Corp will undertake risk exploration in Southwest China for a wide variety of minerals including gold.

A Malaysian firm will also join hands with a Chinese enterprise to develop the huge Zhenyuan Gold Mine in Yunnan Province.

Debeles Co of South Africa has completed the first round of cooperative gold prospecting in Shandong and Liaoning provinces, and further exploration is set to begin soon.

In China, prospecting and drilling for oil and gas, both onshore and offshore, have drawn considerable foreign involvement.

Foreign businesses are also welcome to prospect and develop badly needed non-ferrous metals like copper, lead and zinc, as well as non-metal ore like granite, fluorite and kaolin.

The Australian firm Turnball Co just entered an agreement last week with the ministry's Hebei Bureau and the city of Zhangjiakou to develop the massive Caijiaying lead and zinc deposit there, Wang disclosed.

The ministry has already launched comprehensive surveys for resources in about 30 Asian, American and African countries.

#### **China Finds National Machinery Technological Association**

*OW0908011094 Beijing XINHUA in English 0053  
GMT 9 Aug 94*

[Text] Beijing, August 9 (XINHUA)—China has set up a national machinery technological association to improve its technological level in the engineering industry.

The Beijing-based association aims to enhance inter-enterprise technological cooperation and exchange, and to help enterprises improve the quality of their products, add new products and reduce costs.

The association will also assist the government in strengthening macro controls over machinery production. It will perform directive functions in formulating policies, principles, regulations and rules on the technology of mechanical engineering.

#### **Largest Coking Production Bases Under Operation**

*OW080814494 Beijing XINHUA in English 1253  
GMT 8 Aug 94*

[Text] Taiyuan, August 8 (XINHUA)—China has built a large coking coal mine in north China's Shanxi Province, with the annual production capacity of 12.5 million tons of coking coal, or one fourth of China's total.

The construction of the coal mine, named the Gujiao Coking Coal Mine, started in 1978, and it was designed for an annual production capacity of 16.5 million tons of coking coal when a series of coal mines are completed by the year 1996. By now, four pair of large coals mines and four other coal selecting plants have been built. Another one with the designed capacity of four million tons of coking coal are under construction.

While building the coal production bases, the coal mine has built a group of coordinating facilities such as grain production center and grain processing center. A modern city with a population of 200,000 is expected to take shape.

At present, coke coal from the mine is now being used in the Baoshan Steel Complex in Shanghai, the Wuhan Steel and Iron Complex in Hubei and the Capital Steel and Iron Complex in Beijing.

#### **Beijing Hosts International Seminar on Global Changes**

*OW0808135594 Beijing XINHUA in English 1254  
GMT 8 Aug 94*

[Text] Beijing, August 8 (XINHUA)—Over 200 scientists from 14 countries gathered here today for a five-day

seminar on global changes in the Asia-Pacific region, urging scientists worldwide to join hands to deal with pressing environmental problems.

Addressing the opening session of the meeting, which was sponsored by the Chinese Academy of Sciences (CAS), Zhou Guangzhao, president of CAS, called for greater attention to such issues as greenhouse gas-induced global warming, ozone depletion, biological species diminishing, soil deterioration, desertification, and shortage of fresh water.

"We must protect the very planet on which we live and meet the challenges imposed by these issues," he said.

According to Professor Zhou, Chinese scientists have started systematic research programs on global changes. At present, several key research projects focusing on the overall behavior and interactions within the earth system are taking shape at the national level with significant research results, he said.

China is preparing to establish the East Asia Regional Center for Global Changes, Zhou said.

"The East Asian region, owing to its unique environment and socio-economic conditions, represents one of the most sensitive areas in terms of global changes," he explained.

With the highest population density in the region, human activities have profound impact on the environment in the region, Zhou said. Global changes, in return, are also influential and restrictive to the sustainable development of the area.

China was one of the first developing countries which joined the research programs on global changes.

According to Zhou, China's aims to study global changes and its influence in China are to provide scientific basis for the government in formulating policies on environment and make scientific findings for the world's research on global change.

At the meeting scientists from Australia, Italy, Poland, Switzerland, the United States, France, Japan, Russia, Thailand, India, Malaysia, the Republic of Korea, Britain and China will have discussions on such topics as interactions between physical, chemical and biological processes, physical climate system and biogeochemical cycle, and man and nature.

#### College Students Help Farmers Learn Science

OW0908080394 Beijing XINHUA in English 0642  
GMT 9 Aug 94

[Text] Beijing, August 9 (XINHUA)—Hundreds of thousands of college students voluntarily gave up their summer vacations and joined in the drive for "science, technology and culture action."

The drive, co-sponsored by the Chinese Communist Youth League and the Students' Federation of China, asks college students to help develop economy and education in rural areas by using the knowledge they have gained in school.

"Life here is harder, but the hardship is worth it since we really do something for farmers in the mountainous areas and we gain experience as well," said a student from the Beijing Civil Engineering Institute.

A service group formed by volunteers from 27 colleges and universities in Beijing went to the outskirts of the capital and help local people eliminate illiteracy and develop resources.

About 50 students from seven colleges and universities in Shanghai offered advice after studying vegetable planting in Hexing, a town in the suburbs of Shanghai.

These volunteers taught over 120 local factory directors, managers and accountants about the new taxation system. Hexing signed a long-term co-operation plan with the volunteers to receive such assistance every year.

A similar group from Tianjin, consisting of professors, lecturers and graduates did research on the rural economy and township planning in central China's Hubei Province by visiting rural households. These volunteers offered training courses in new technologies to local people and provided free medical consultations.

#### Huang He Reaches Second Flood Peak After Heavy Rains

OW0808135694 Beijing XINHUA in English 1259  
GMT 8 Aug 94

[Text] Beijing, August 8 (XINHUA)—This year's second flood peak hit the Yellow River [Huang He], China's second longest river, as heavy rains battered the border areas of Shanxi, Shaanxi and Inner Mongolia from the fourth to fifth of this month.

According to the State Flood Control and Drought Relief Headquarters, the second flood peak arrived at Tongguan County observatory station the day before yesterday with a flow rate of 7,380 cubic meters per second and a water level approaching 330 meters.

Early this morning, the peak water level in Huayuankou Station climbed to 94.14 meters with a flow rate of 6,260 cubic meters per second.

Over the past few days, heavy rains have been concentrated on the northern and western parts of China's northeast Liaoning Province, pushing up the water level in the Liaohe River, a major river in China's northeast.

Boosted by the most recent typhoon, rainstorms hit the coastal areas of Fujian and the western and southern parts of Hunan between the fourth and sixth of the month, causing flooding in parts of Fujian and torrents in Hunan Province.



## East Region

### Anhui Party Chief Speaks on Spiritual Civilization

OW0808132494 Hefei ANHUI RIBAO in Chinese  
29 Jul 94 pp 1, 3

["Speech at the First Provincial Meeting to Commend 10 Most Distinguished Personalities in Promoting Spiritual Civilization: By Lu Rongjing"]

[Excerpts] Comrades:

Today we are holding a ceremonial meeting here to commend, for the first time, the 10 most distinguished personalities in promoting spiritual civilization in Anhui. On behalf of the provincial party committee and provincial government, I extend warm congratulations and noble tribute to comrades commended as the "First Group of 10 Most Distinguished Personalities in Promoting Spiritual Civilization in Anhui," and recipients of the "Advanced Individuals in Promoting Spiritual Civilization in Anhui" award; as well as sincere gratitude to comrades of spiritual civilization committees and offices at all levels, who have worked hard in screening the outstanding people for today's commendation meeting.

To commend and emulate these outstanding personalities and individuals is a call of the people, our society, and the times. In the past 15 years since reform and opening up, Anhui has gone through remarkable changes in its economic development. The province's comprehensive strength has been greatly enhanced; its urban and rural residents' material and cultural life has been markedly improved; and the provincial economy has been developing on a "fast track," heading toward the goal of a comparatively well-off state. Under such circumstances, the way to propel the building of socialist spiritual civilization to a new level so as to provide more active and effective spiritual motive force and intellectual support for the rapidly expanding material civilization and to facilitate coordinated economic and social development has become a pressing issue confronting party committees and governments at all levels, as well as the people throughout Anhui. We are in need of, in particular, a group of advanced role models, who represent the mainstream and the spirit of the times, for inspiring and educating cadres and people at large to work hard and dedicate themselves to the four modernizations; as well as for guiding the prevailing social atmosphere to develop in a positive and healthy direction. The ten most distinguished personalities in spiritual civilization were selected from among the masses. Needless to say, by introducing these distinguished individuals from the grass roots to the people and encouraging them to learn from the advanced deeds and to blaze new advanced paths is of great significance for promoting the building of two civilizations throughout the province. [passage omitted]

Party organizations at all levels should make the launching of a drive to emulate the 10 most distinguished personalities as a major task in improving the party ideologically and in its work style; in strengthening the building of socialist spiritual civilization; and in promoting reform, opening up, and modernization construction in Anhui by working relentlessly to ensure the success of the drive. They should launch the drive in conjunction with the efforts to intensify party building and improve the quality of party members and cadres; to fight corruption, promote clean government, and strike at evil tendencies in various trades and professions; to advocate the spirit of the socialist era as the main theme in literary and artistic works and to resist the inroads of decadent ideas of capitalism and feudalism; and to publicize healthy social practices and safeguard social stability; thereby persisting in guiding people with the correct ideology and portraying people through lofty sentimentalism. They should carry out the drive unswervingly and on a long-term basis throughout the entire process of modernization construction. [passage omitted]

Comrades, the period from now until the year 2000 will be crucial for the reform, opening up, and modernization drive in Anhui. To seize the opportunity to establish an initial system of socialist market economy, push the province's comprehensive strength to a new height, and achieve the goal of a comparatively well-off state within a short period of time, it is essential to further emancipate our minds, seek truth from facts, resolutely carry out reform, forge ahead courageously, and work hard and in a solid manner. Without a sense of urgency to race against time, without an indomitable spirit to scale new heights, and without immense zeal to sacrifice and dedicate ourselves to the four modernizations, we will not be able to surmount obstacles on our road of advance and to achieve the magnificent goal of rejuvenating Anhui. At present, one of the important tasks of propaganda and ideological work and of building spiritual civilization is, focusing on the realization of this magnificent goal, to carry out work in a creative way to heighten the spirit and strengthen the unity of the people of the whole province so that they will imbue themselves with a strong sense of responsibility as the masters of the province, and will work hard, concertedly, and with one heart and one mind to jointly create a still more prosperous future. We should seize the opportunity of launching the drive to emulate the advanced personalities to create a new movement of emulating and catching up with advances so as to make still greater contributions to promoting the building of two civilizations in Anhui.

### Fujian's Poor Areas Benefit From Relief Program

OW0608071794 Beijing XINHUA in English 0659  
GMT 6 Aug 94

[Text] Fuzhou, August 6 (XINHUA)—In southeast China's Fujian Province, which started a program to help its poor areas in 1986, the majority of local poor families now have enough food and clothing.

In the poverty-relief program the province stresses helping the economic development of the poor areas by exploiting local resources centered on agricultural projects with less investment and higher economic return in a short period.

During the past eight years the province has attach great attention to forestry, tea production, fruit and fungus growing, aquatic products and the animal husbandry industry in different areas, which in turn have enhanced the local economic development.

Last year 17 poor counties in the province realized a total revenue of 870 million yuan (about 100 million U.S. dollars), 6.8 times the figure for 1985.

Meanwhile, the province is speeding up the opening of its poor areas to the outside, and a total of 550 overseas-funded enterprises have been set up in the past eight years in the 17 poor counties, with over 500 million U.S. dollars of overseas investment.

The counties have constructed a number of export production bases, which last year turned out export products valued at 800 million yuan, 7.9 times the figure for 1985.

Inter-county joint ventures in the poor counties also saw substantial development and 930 such joint ventures were set up last year involving capital amounting to 1.22 billion yuan.

In order to help the poor get rich quicker, the province has adopted a series of preferential policies to encourage more investment in the poor areas. So far a total of 2.2 billion yuan from the central and local governments has been used for helping the poor.

As a result, the number of impoverished people in the province has decreased from 2.4 million in 1985 to 800,000, and the per capita income in 1993 in the 17 poor counties reached 970 yuan, 2.1 times that in 1985.

The gross output value of industry and agriculture in these counties reached 15 billion yuan last year, 3.35 times that in 1985.

Rural enterprises have become a major economic power in these poor counties, with a total output value last year of nearly 10 billion yuan.

Side by side with economic development, the infrastructure in these counties has been greatly improved: 76 percent of the poor villages have had their roads linked to the outside; 90 percent of the villages have access to electricity; and program-controlled telephone switchboards have been installed in all the 17 poor counties.

#### **Jiangsu Attracts More Overseas Investment**

OW0708030594 Beijing XINHUA in English 0249  
GMT 7 Aug 94

[Text] Nanjing, August 7 (XINHUA)—Since the beginning of this year overseas investment in east China's

Jiangsu Province has grown by a large margin and some overseas transnational corporations have continued to invest heavily in the province.

During the first half of this year the province took the lead in China by attracting a total of 1.53 billion U.S. dollars, an increase of 41.6 percent over the same period of last year.

The focus of overseas investment here is along the Chang Jiang river, and three cities in the region—Suzhou, Wuxi and Nanjing—attracted over 1.2 billion U.S. dollars during the period, about 80 percent of the total.

Some overseas transnational corporations from Germany, Britain, Holland and Switzerland increased their investment here by one to five times over the same period of last year.

About 20 transnational corporations invested in 24 large projects here during the first half of this year.

Much of the investment went into large and high-tech projects, accounting for 61 percent of the total investment here in the period.

These large projects cover the electronics, chemicals, machinery, telecommunication facilities and power industries.

By the end of June this year the province had 22,596 overseas-funded enterprises with a total contracted investment of 22.77 billion U.S. dollars.

#### **Jiangsu Experiences 'Stable' Economic Development**

OW0608041694 Beijing XINHUA in English 0309  
GMT 6 Aug 94

[Text] Nanjing, August 6 (XINHUA)—With the deepening of the reform, east China's Jiangsu Province witnessed a stable economic development during the first half of this year.

In the period the province realized a gross product volume of 156.39 billion yuan (about 18.2 billion U.S. dollars)-worth, an increase of 16.5 percent over the same period of last year.

The province's agriculture, industry and foreign trade showed substantial development during the period.

The average growth rate per month was 18 percent to 26 percent, except for a 30 percent growth rate in January.

Also during the period the management of enterprises became better, investment was put under proper control and the investment structure continued to improve.

The province's state-run enterprises increased their investment in technological transformation by 28.4 percent and in capital construction by 14 percent over the same period of last year.

The province's revenue during the period rose by 48.3 percent over the same period of last year and its expenditure, by 41 percent.

Foreign trade increased by 53 percent over the same period of last year, and the province absorbed overseas investments totalling 1.528 billion U.S. dollars, a rise of 41.5 percent.

The province approved the setting up of 1,836 overseas-funded enterprises with a total of 2.44 billion U.S. dollars of pledged investment during this period.

Experts here attributed the development to the reforms initiated at the beginning of this year and the introduction of a modern enterprise system, which stresses the function of the market.

### **Jiangsu Farmers' Income Up in 1st Half of Year**

*OW0508112294 Beijing XINHUA in English 0828 GMT 5 Aug 94*

[Text] Nanjing, August 5 (XINHUA)—The income of farmers of Jiangsu Province, east China, in the first six months of this year soared to 893.4 yuan per capita, up 227.4 yuan over the same period of last year.

A provincial official in charge of agriculture attributed the good result to the government's efforts in raising grain purchase prices and issuing preferential policies in favor of farm production.

The province reaped a good wheat harvest, and its output of rape seeds, silkworm cocoons and aquatic products registered a big increase.

According to the official, the rise of cash income of farmers in major farming areas has exceeded that of farmers in areas where rural industrial enterprises are booming.

The first six months of this year saw Jiangsu's farmers sell an average of 66.1 yuan worth of grain per capita, doubling the figure for the same period of last year.

### **Shandong's Yantai Accelerates Foreign Exchange**

*SK0808132294 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 7 Aug 94*

[Text] Since the beginning of this year, Yantai has accelerated the pace of implementing the strategy to develop foreign trade in order to promote economic development; has opened various layers and channels in all directions in order to develop foreign trade; and has registered a major increase in generating foreign exchange through exports. As of the end of June, the city generated \$580 million in foreign exchange through exports, and generated 3.02 billion yuan in foreign trade purchases, respectively an increase of 64 percent and 40 percent over the same period last year.

Since the beginning of this year, Yantai has regarded the implementation of the strategy to develop foreign trade

in order to promote economic development as an important means for expanding the scale of opening up; has vigorously encouraged enterprises to open themselves up to the outside world; and has made efforts to map out a pattern for developing foreign trade on a large scale. So far, more than 40 enterprises in the city have obtained the decisionmaking rights to self-manage the export trade; the city has 376 foreign-funded enterprises comprising three types which earn foreign exchange from exports. Thus, a joint fleet has taken shape for generating foreign exchange through exports, dominated by companies specializing in foreign trade, three types of foreign-funded enterprises, and enterprises with decisionmaking rights to self-manage the export trade. In the first half of this year, companies specializing in foreign trade brought into full play their leading role, generating \$144 million in foreign exchange through exports, an increase of 41.7 percent over the same period last year. The three types of foreign-funded enterprises have become the city's main force for generating foreign exchange through exports. In the first half of this year, such enterprises generated \$350 million in foreign exchange through exports, accounting for 68.9 percent of the city's total. Thirteen enterprises with the right to self-manage exports generated \$14.29 million in foreign exchange through exports.

### **Science, Education Promote Shandong Economy**

*OW0708063894 Beijing XINHUA in English 0611 GMT 7 Aug 94*

[Text] Jinan, August 7 (XINHUA)—East China's Shandong Province has accelerated the development of science and education, which contribute over 35 percent of the provincial gross output.

As an economically advanced province, Shandong has invested several billion yuan in scientific research and education in recent years.

The provincial government has reformed the management of science and led one third of its research fellows to set up high-tech enterprises in line with market needs.

Included are 3,000 non-governmental high-tech enterprises with over 40,000 employees.

While carrying out the nine-year compulsory education in 95 percent of its townships, Shandong has encouraged colleges and universities to reform their specialties and curricula to suit local economic development.

At present, more than 150,000 students are studying at colleges and universities, 50 percent more than five years ago.

Advanced technology is being applied to rural areas to boost quality, yields and farm efficiency.

Industrial enterprises have set up a number of technological development institutes, which have helped bring 40 percent of their equipment up to the advanced standards.



Nine high-tech development zones have sprung up on the Shandong peninsula, where 2,200 enterprises have gained an annual output value totalling 2.7 billion yuan.

#### **Areas in Shandong Plagued by Heavy Rainfall**

*SK0808044494 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 7 Aug 94*

[Text] From the evening of 6 August to 7 August, Jinan, Heze, Liaocheng, Jining, Dezhou, Binzhou, and Dongming cities and prefectures experienced heavy rainfall and rainstorms; and some of these areas had heavy rainstorms. The water level of Xiaoqing He rose suddenly. At 0900 on 7 August, the water level of (Huangtaizhan) reached 26.43 meters, surpassing the warning stage by 1.13 meters. The water level dropped to 26.38 meters as of 1200 on 7 August.

Heze, Yuncheng, Liangshan, and Juancheng cities and counties were hit by the rainstorms. Water accumulated in areas amounting to 320,000 mu in Heze city and more than 30,000 people of 146 villages in this city were surrounded by water. Some 1 million mu of farmland in Yuncheng County were plagued by the disasters, 800,000 mu of farmland in this county became disaster-struck areas, more than 680,000 people of 675 villages of 24 towns and townships in this county were hit by the disasters, and some 47,000 people were besieged by floods. Rainfall in Liangshan County averaged 195 mm. Rainfall in (Yangying) Township of this county reached 315 mm, heavier than any other areas in the county. Water accumulated in 200,000 mu of farmland, and more than 10 villages in this county were immersed in water.

Provincial and city leaders have paid full attention to the rainfall. On the morning of 7 August, Wang Jiangong, vice governor of the provincial government, handled the work on the spot at the provincial drought- and flood-combating work office, heard reports made by relevant departments, and urged that close attention be paid to the flood development situation and that the disastrous situation be handled in a timely manner.

#### **Shanghai Sets Up Pharmaceutical Factory Venture**

*OW0508111994 Beijing XINHUA in English 0952 GMT 5 Aug 94*

[Text] Shanghai, August 5 (XINHUA)—Pharmaceutical producers of Shanghai and the United States concluded a contract here today on jointly producing antiallergic agents and antiphlogistic medicine.

According to the contract, the Schering Plough Company, U.S.A., and the Shanghai Pharmaceutical Industrial (Group) Corporation and the Shanghai Company of Foreign Economic and Technical Cooperation in Pharmaceuticals will invest 15 million U.S. dollars in setting up the Shanghai Schering Plough Pharmaceutical Company Ltd.

The company will import advanced technology from the American company and produce medicine in line its standards.

#### **Shanghai Consultancy Services Show Development**

*OW0808112294 Beijing XINHUA in English 0751 GMT 8 Aug 94*

[Text] Shanghai, August 8 (XINHUA)—Consultancy services in Shanghai, China's largest economic center, are developing into a major industry to accelerate the integration of science and technology with the economy.

The municipal science and technology commission registered altogether 1,271 consultancy organizations with nearly 10,000 employees during the 1987-1993 period. These organizations have completed more than 120,000 projects and obtained an accumulative business volume of 1.5 billion yuan.

According to a sample analysis of some projects, each yuan of consultancy fee produces 8.27 yuan in profits and taxes, and earns 3.19 yuan in foreign exchange.

To promote the local economy, personnel engaged in consultancy services have been involved in projects such as the Nanpu and Yangpu bridges, a subway and the Oriental Pearl Television Tower.

To better serve the market economy, the consultancy industry will do research on how to play a greater role, how to operate in line with international conventions, how to expand foreign markets and attract foreign consultancy companies to co-fund businesses in Shanghai and how to rely on information organizations to improve services.

Meanwhile, consultancy organizations are scheduled to provide services for decision-makers in macro-economic control, social development and daily government work.

Consultancy companies are striving to introduce overseas investment and advanced technology to boost the export-oriented economy and provide enterprises with different information.

By the year 2000 the income of consultancy services is expected to grow at an annual rate of 15 percent, and the business volume to climb to one billion yuan, making up 0.45 percent of the local gross domestic product (GDP).

#### **Central-South Region**

##### **Guangdong Updates Management of Construction**

*OW0708122894 Beijing XINHUA in English 1202 GMT 7 Aug 94*

[Text] Guangzhou, August 7 (XINHUA)—South China's Guangdong Province is training more than 300 supervisors entrusted to help certify highway and waterway construction.

Guangdong, the country's most developed province in terms of market economy, now has 164 supervisors who oversee the engineering process of local highway and waterway projects.

That is part of the effort to update management of such projects.

In the past few years, the province has stipulated regulations assigning responsibilities to concerned government departments, supervising agents, and engineering companies.

It has also introduced competitions so that the most competitive engineering group can win the bid for a highway or waterway project.

The effort has resulted in some ten excellent projects including the highway connecting Guangzhou and Conghua and the Jiangmen Waterway.

#### **Guangxi Zhuang Region Seeks Foreign Investment**

*OW0908063094 Beijing XINHUA in English 0609 GMT 9 Aug 94*

[Text] Beijing, August 9 (XINHUA)—Southern China's Guangxi Zhuang Autonomous Region will open wider to attract more foreign investment so as to promote its economy and start reconstruction after the disastrous floods of the past few months.

During a conference on using foreign investment, the regional government worked out new policies to attract foreign investment to new fields.

The region, enjoying abundant natural resources and a favorable geographical position, has formed its own pattern of opening to the outside world. Last year it approved 2,425 foreign-funded projects, with the contracted investment reaching 3.837 billion U.S. dollars. So far, a total of one billion U.S. dollars has been used.

To draw more foreign investment the region is implementing new policies in line with national guidelines. It will open its industry and service sectors to foreign investors, apply for loans from international financial organizations and foreign governments, and use overseas investment to update technology in state-run enterprises.

#### **Guangxi Statistical Bureau Reviews Situation**

*HK0808060494 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 28 Jul 94*

[Text] The Guangxi Autonomous Region Statistical Bureau held a news briefing in Nanning on 28 July to announce the region's economic achievements during the first half of the year.

Since the beginning of this year, while carrying out a series of major central government reforms concerning the financial, taxation, banking, foreign trade, foreign exchange, and investment sectors, the region has gone on

to do a good job in supplementing various reforms, has stepped up economic construction, and has enabled the national economy to maintain a sustained and relatively rapid growth rate. According to preliminary accounting, the GDP of the whole region from January to June this year was 38.87 billion yuan, up 14.3 percent over the past year, and the range of increase was 2.7 percentage points higher than the country's average. The range of increase of the primary, secondary, and tertiary industries were respectively 7.3, 21, and 9.9 percent.

The agricultural production of the region this year has gotten off to a good start. The crop-sowing area of the whole region is greater than last year. The farming structure has been further optimized. The growing area of fine-quality species of hybrid and good-quality early rice, hybrid corn, peas, sweet potatoes, edible oils, vegetables, jute, and sugar cane has increased. However, the majority of counties and cities of the region have been hard hit by extraordinarily serious floods and water-logging and have suffered heavy losses. The losses in summer grain amount to over 1.5 billion kg. According to an analysis of the current situation, it is estimated that the grain output of the whole region will be less than last year.

Despite serious natural disasters, animal husbandry in the region has increased the number of hogs sold and the total output of meat by 200 percent. The output of aquatic products has also increased by 200 percent.

In the first half of this year, the region's industrial production was hit by extraordinarily serious floods and suffered heavy losses. With the efforts of the broad masses of cadres, staff members, and workers, however, the momentum of a relatively rapid growth was maintained. By the end of June, the gross output value of industry at and above the township level of the whole region was 42.633 billion yuan, up 17.1 percent over the same period last year. Tilting toward heavy industry, collectively owned enterprises, other economic sectors, and industries with good economic results is the new characteristic of the industrial production of the region.

During the first half of this year, domestic and foreign trade in the region and local financial revenue maintained a steady growth. The balance of deposits and loans increased, and the income of urban and rural residents rose. The range of increase in investment in fixed assets during the first half of this year dropped by a large margin as compared with the same period last year. Investment in the power industry, transportation, and posts and telecommunications increased by a large margin.

#### **Guangxi Reports 'Robust Growth' in Rural Industry**

*OW0508112194 Beijing XINHUA in English 0840 GMT 5 Aug 94*

[Text] Nanning, August 5 (XINHUA)—Following three years of rapid development, rural industry in Guangxi

Zhuang Autonomous Region in south China continued robust growth in the first half of the year.

Latest statistics of the regional government show that its rural industry produced a turnover of 62.1 billion yuan in the first six months, a 126.8 percent increase over comparable figures for last year.

In the same period, rural enterprises made a profit of 2.9 billion yuan and paid 1.3 billion yuan in taxes, the statistics show.

Though rural enterprises have been spending more on technological upgrading and product development, rural industries are still dominated by labor- and resource-intensive sectors, said regional industrial officials.

In some industries, such as cement production, investment and technology have begun to flow from relatively developed areas to more underdeveloped places, according to the officials.

#### **Governor Inspects State-Owned Firms in Kaifeng**

HK0808123394 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 5 Aug 94

[Excerpts] Between 3 and 4 August, Governor Ma Zhongchen inspected state-owned enterprises in Kaifeng and investigated how to turn deficits into profits. He pointed out that people should increase their confidence, concentrate their energies, and try by every possible mean to turn deficits into profits. [passage omitted]

On the afternoon of 4 August, after listening to the work report by Kaifeng leaders, Governor Ma said: At present, the state-owned enterprises in this province are incurring substantial losses in their operations, and it is difficult to check the cause of these losses. However, operations should be analyzed according to their basic conditions. On the one hand, we should be aware of the seriousness of the problem; on the other, we should boost our confidence and concentrate our efforts in dealing with the key problems. He analyzed the causes for the losses and found that, in particular, the internal management of the enterprise was not good, and that some departments were plagued with discord. [passage omitted]

The governor said: In order to turn deficits into profits in state-owned enterprises, leadership should be strengthened, and importance should be attached to the work. Attention should be paid to both major profit-making enterprises and major loss-incurring enterprises. The pace of transforming the enterprise management mechanisms should be quickened, and the internal management of the enterprises should be improved. [passage omitted]

#### **Pingdingshan Coal Mine Blaze Leaves 17 Dead**

HK0908101794 Hong Kong AFP in English 0959 GMT 9 Aug 94

[Text] Beijing, Aug 9 (AFP)—Seventeen colliers died last week in a coalmine blaze in Pingdingshan, in the central

province of Henan, China Coal News reported Tuesday. The cause of the August 3 fire is still being probed, the paper said, adding that it broke out at about 11:00 p.m. and took 11 hours to bring under control. Thirty-eight miners were saved.

Mining accidents in China, on the increase largely because of lax safety regulations, claimed 724 lives in the first three months of this year, compared to 1,058 for all of 1993.

On August 2, 77 miners died in a blast in a zinc mine in the southern province of Guangxi.

#### **Henan Farmers' Incomes Increase in 1994**

OW0808163994 Beijing XINHUA in English 1507 GMT 8 Aug 94

[Text] Zhengzhou, August 8 (XINHUA)—The farmers in the central Province of Henan earned 350 yuan on average in the first six months of this year, representing an increase of 45.9 percent over the same period of last year.

According to a recent survey, Henan harvested 18.22 billion kg of wheat on nearly five million hectares of farmland. The large increase in animal husbandry also contributed to the rise in farmers' incomes. Earnings from selling such products increased by 40 percent, the survey says.

Meanwhile, farmers increased their average income by 36.2 percent by working in rural industries, construction, transportation and retail sales.

The rise in farmers' incomes brought about a brisk rural market. In the first half of this year, the retail sales volume in Henan Province climbed by 26.7 percent, the largest increase in rural Henan Province in recent years.

#### **Taiwan Investment in Hubei Increases 'Rapidly'**

OW0908032294 Beijing XINHUA in English 0152 GMT 9 Aug 94

[Text] Wuhan, August 9 (XINHUA)—Investment from Taiwan island in the central Chinese province of Hubei has been increasing rapidly over the past few years.

According to local officials, the province has approved the establishment of 814 Taiwan-funded enterprises since 1988, when the first Taiwan-funded firm was approved to be set up in Hubei.

These enterprises involve an agreed use of 596 million U.S. dollars from the Taiwan side.

A total of 197,000 people of Hubei origin are now living in Taiwan.

The officials attributed the boom of Taiwan investment in Hubei to local government's efforts in working out a series of preferential policies to attract Taiwan investors, in addition to the implementation of the strategy of



opening and developing areas along the Chang Jiang and construction of the Three-Gorges Dam on the middle reaches of the Yangtze.

### North Region

#### New Rules To Help Beijing Improve Product Quality

OW0808114194 Beijing XINHUA in English 0813  
GMT 8 Aug 94

[Text] Beijing, August 8 (XINHUA)—The Beijing Municipal People's Congress has just adopted a set of new regulations governing supervision and control over the quality of products made in China's capital city.

The 50-article regulations provide for the introduction of a quality supervision and inspection system.

They also define duties and functions to be performed by quality inspection departments and quality inspectors, as well as the legal liabilities, obligations and duties of producers and sellers with regard to product quality.

The regulations also define the adoption of quality standards with regard to products, either domestically produced or imported, which are hazardous to human health and safety or are vital to the national economy and the people's livelihood.

The regulations state that some such products are subject to quality inspection before being put on sale.

In accordance with the regulations, no organization or individual may provide sites or other facilities for producers of fake or shoddy goods, and such producers will be punished severely.

Lian Lian, director of the Municipal Technical Supervision Bureau, said that 73 percent of goods made in Beijing met quality standards in 1993, five percentage points higher than in 1985.

"Products manufactured by major state-owned companies, electrical and mechanical products, and raw materials for industrial and agricultural production are stable in terms of quality," he said.

But he conceded that low product quality and poor economic returns remain a "prominent problem" in economic growth in Beijing.

Lian criticized a number of smaller enterprises and township-run factories for turning out shoddy goods, including paint, furniture, leather shoes and mineral water.

#### Beijing To Increase Service Sector Development

OW0708165294 Beijing XINHUA in English 1641  
GMT 7 Aug 94

[Text] Beijing, August 7 (XINHUA)—Beijing is planning to boost the development of its service sector, including the areas of finance, insurance, information, real estate and tourism.

The city's service industrial output value is expected to jump from 38.8 percent of its gross domestic product in 1990 to 60 percent by the year 2010.

It will focus its efforts on economic development in high-tech industries, such as micro-electronics, computers, telecommunications and biological engineering.

Emphasis will also be placed on renovation of traditional industries, like electronics and auto making, and construction of suburban and rural industry zones.

The city has started the construction of 45 such projects in the first half of this year, with a planned construction area of 2.08 million square meters.

It has built a total of 3,800 urban and rural cooperative companies and 235 joint ventures by urban and rural units and foreign partners. The total industrial output of the urban-rural cooperative sector has topped 10 billion yuan.

According to the municipal industrial planning officials, Beijing will strive to build two new projects, a "textile street" and an "electronics center".

#### Beijing Strengthens Inspection of Imports

HK0608071694 Beijing ZHONGGUO XINWEN SHE  
in English 0412 GMT 6 Aug 94

[Text] Beijing, 6 Aug (ZHONGGUO XINWEN SHE)—Beijing municipality will further strengthen sanitary inspection on imported food, old equipment, old articles and secondhand goods and items brought in by individuals. All kinds of items making entry into or departure from China including containers, goods, waste and secondhand articles, microorganism, human organs, biological product, blood and its products, poisonous and hazardous material, medical and health care articles, imported food, food additive, food container, packaging material and instrument and equipment for food have to be reported to quarantine departments and are subject to quarantine. A computer network has recently been set up for connection of quarantine departments for the inspection procedure. Imported food which passes the quarantine procedure will have an anticounterfeit label stuck on it. The Beijing Sanitation and Quarantine Centre is holding a course to train sanitation inspectors to carry out the quarantine practice.

Information released by the sanitation and quarantine centre showed that food and container-loaded goods which were brought in Beijing municipality registered a rather big gain each year. Container goods reached 1.5 million tonnes a year. Mosquitoes, rats and roaches are often discovered in those goods. Serious hazard will be imposed on public health if such creatures come from epidemic-ridden areas overseas and no immediate sanitary practice is carried out. Some old equipment, waste and secondhand material brought in from abroad saw no guarantee for their sanitation. A special kind of mosquito which helps spread yellow fever was discovered in

those imported items. Some of imported food may exceed the time limit for consumption, fail to meet the standard of dye and bacteria or are counterfeit items.

A sampling check carried out on a department store discovered that about 50 out of 200 kinds of imported food there were laden with sanitary problems. Officials from the quarantine centre pointed out such problems were mainly attributed to unscrupulous businessmen who failed to report those imported goods to the quarantine centre in a bid to evade sanitary supervision or brought in rotten and contaminated goods. It is of great significance to put under a legal system a reinforced practice of having imported items declared to quarantine department for inspection and a strengthened quarantine.

### Beijing Farmers Obtain Professional Diplomas

OW0708134894 Beijing XINHUA in English 1244  
GMT 7 Aug 94

[Text] Beijing, August 7 (XINHUA)—Some 7,000 farmers from Beijing's suburban county of Daxing have obtained "green" certificates, or professional diplomas of agrotechniques.

According to the guangzhou-based SOUTHERN DAILY, Daxing County started to offer training courses in growing fruit trees to local farmers in 1988. This kind of class has made a marked effect three years later.

In 1991, the average fruit output per peach tree reared by five households who had attended training reached nine kilograms, while those who did not attend the courses only averaged one kilogram per peach tree.

Local farmers thus have showed great enthusiasm in attending various training courses focusing on agricultural machinery, crops, growing of vegetables and animal breeding.

The local government has also worked out a series of preferential policies to encourage the practice. For instance, farmers having obtained professional diplomas of agrotechniques will be given priority in getting loans and contracting projects, getting information on scientific achievements and getting technical guidance.

The success of daxing has aroused world attention. Officials of the United Nations Development Program speak highly of the "green" certificate system practised in Daxing.

Moreover, more than 60 domestic and overseas delegations, including agrotechnicians from developing countries, have come to inspect the Chinese county, according to the newspaper.

### Beijing Reports Rapid Rural Economic Development

OW0508135294 Beijing XINHUA in English 1255  
GMT 5 Aug 94

[Text] Beijing, August 5 (XINHUA)—Beijing, the Chinese capital city, has registered rapid development in its

rural economy, marked by a good grain harvest, increase in foodstuffs production and growth in output value from township industry.

According to CAPITAL ECONOMIC INFORMATION NEWS, Beijing's rural industry produced 35.79 billion yuan in output value in the first half of the year, surpassing that of the city's state-owned enterprises for the first time.

Despite the unfavorable weather conditions, Beijing produced 11,650 kg of grain per ha of farmland in the first six months, 30 kg over the figure for last year.

In the first half of this year Beijing produced 800 million kg of vegetables, a rise of 28.5 percent over the same period of last year. Beijing farmers gained an extra 440 million yuan in income from vegetable growing in the first six months of this year, which represents an increase of 79 percent over the same period of last year.

According to the paper, enterprises run by agricultural departments established 989 foreign-funded joint ventures, with a contracted investment of 710 million U.S. dollars. Another 1,648 such enterprises started operations, pushing the total number of such joint ventures to 2,246 in agricultural departments.

Meanwhile, such enterprises sold 3.4 billion yuan-worth of products to export companies, an increase of 60.9 percent over the same period of last year.

### Beijing Sees Growth in Electronics Industry

OW0508112694 Beijing XINHUA in English 1108  
GMT 5 Aug 94

[Text] Beijing, August 5 (XINHUA)—The electronics industry in Beijing, Chinese capital, made fast progress in production and sales in the first six months this year.

Between January and June, the total output value of the industry was 6.05 billion yuan (about 700 million U.S. dollars), 52.5 percent higher over the same period last year.

The main increases are in the production of telephone exchanges, color TV sets, video recorders, personal computers, and TV and radio transmission facilities.

The output of telephone exchanges totaled 1.125 million lines, video recorders reached 89,000, and color TV, sets were 340,000 in the first half of this year.

The sales volume of electronic products was 5.43 billion yuan (about 670 million U.S. dollars) in the first six months this year, 52.2 percent more than the corresponding period last year.

### Beijing Large Ethylene Project Nears Completion

OW0708154194 Beijing XINHUA in English 1519  
GMT 7 Aug 94

[Text] Beijing, August 7 (XINHUA)—A large ethylene project in the Chinese capital of Beijing is expected to go into trial operation by the end of next month.

The Dongfang Chemical Plant, which claims two-thirds of the total project investment, now has all equipment installed and the other three factories have 95 percent of their equipment in place. A 24-kilometer pipeline is also ready.

Sources said that the project can expect to turn out products worth 2.38 billion yuan a year, or an average 3 million yuan per day.

It will help ease the ethylene shortage in the municipality, which costs the capital about 100 million yuan a year because enterprises are running below production capacity.

### Hebei Secretary Seeks Support for Entrepreneurs

SK0808040694 Shijiazhuang HEBEI RIBAO in Chinese 27 Jul 94 p 1

[Article by Cheng Weigao, secretary of Hebei Provincial Party Committee: "It Is Necessary To Make a Large Number of Young Entrepreneurs Distinguish Themselves"]

[Text] With the change in the system from a planned economy to a market economy, Hebei's entrepreneurs' contingent also developed to a fairly high level. A few entrepreneurs have realized the transformation of thinking and concepts and played an important role in leading enterprises to the market. But observing from an overall perspective, Hebei's entrepreneurs' contingent, no matter the quality or quantity, proved to still be incompatible with the demands of a market economy. While creating a good environment and bringing into full play the existing entrepreneurs' intelligence and wisdom, we should make great efforts to support and go all out to cultivate a large group of young entrepreneurs. Only by doing this can we meet the demands of a socialist market economy. Young entrepreneurs are at the beginning of their careers and are beginning to show their ability; they have new measures in their minds instead of timeworn ideas; and they are full of sap and vigor, dare to act and break new paths, and have a fairly high educational level accompanied with a readiness to accept new things and to adapt themselves to a new environment. This is exactly the quality a market economy demands from entrepreneurs. Just as numerous facts at home and abroad have manifested themselves, the amount of reserve strength for economic development is determined mostly by the amount of reserve strength for professional personnel. And among the professional personnel of enterprises, it's managers and entrepreneurs who bear the brunt of challenges. If we do not start to cultivate, select, and employ a large number of young and promising entrepreneurs from now on, we will not be able to smoothly accomplish the grand historical mission of constructing a socialist market economy system or build Hebei into an economically strong province.

To make a large number of young and promising entrepreneurs distinguish themselves as soon as possible,

support and aid are needed from party committees and governments at all levels, on the one hand, to construct a relaxed environment, in which the entrepreneurs can reach maturity, and, on the other hand, to guide and encourage entrepreneurs to deepen their study in an effort to master a market economy's regulations and laws, and to raise in a sustained manner the ability of controlling the market. As all the reforms develop in an in-depth manner, macroeconomic regulation and control are gradually standardized, and the market laws continue to approach perfection, market competition will become more and more intense and the environment in which development could be obtained solely through the state's preferential policy, will cease to exist. Enterprises which try to be in an invincible position in competition should shift from the past habit of looking to the mayor or the government to looking towards the market instead when facing problems and they should also know how to meet the demands of the markets and to accomplish the optimal allocation of all the production factors. In Zunhua city, the gratifying result created by Fuhao Group, which was under the leadership of the 31-year-old young entrepreneur Ma Hongming, was the successful practice to realize, in accordance with the regulations and laws of the market economy, the optimal organization of production factors such as policy-making, information, products, technology, and productive ability.

Leaders at all levels should show solicitude for and take good care of young entrepreneurs in work as well as in daily life, and resolve the actual problems they encounter in a timely manner. When they achieve good results, we should commend as well as encourage them, but we should also prevent them from being spoiled by too much praises; when they encounter difficulties and make a few mistakes, we should show understanding and sympathy and help them instead of demanding perfection. As long as party committees and governments at all levels, with serious attention, boldly give young entrepreneurs a free hand to act, and the broad young staff members in enterprises are willing to work hard and to learn, a large number of outstanding young entrepreneurs can surely show themselves as soon as possible and bring into full play the exemplary vanguard role in constructing a socialist market economy as well as an economically strong province.

### Hebei Secretary Speaks at Semi-Annual Meeting

SK0808071894 Shijiazhuang HEBEI RIBAO in Chinese 26 Jul 94 p 1

[Text] The three-day meeting to report the province's economic work towards Taiwan and the opening up situation in the first half of this year ended in Qinhuangdao on 24 July. The meeting stressed the necessity of even more vigorously absorbing foreign funds and accelerating the pace of opening to the outside world. Cheng Weigao, secretary of the provincial party committee, and Chen Liyou, executive vice governor, attended and



addressed the meeting. Also attending were Ning Quanfu, vice chairman of the provincial people's congress standing committee, and Zhang Runshen, chairman of the provincial committee of the Chinese People's Political Consultative Conference.

Cheng Weigao pointed out: Reunifying the motherland is a historical mission of all Chinese people. Strengthening economic exchanges and contacts between both sides of the Taiwan Straits and strengthening the economic work towards Taiwan are not only of economic significance but also of profound political significance. Developing economic cooperation and contacts with Taiwan is also the need of Hebei in building an economically strong province. He said: Now, the priorities of Taiwan investment are moving towards north and inland areas. There are relatively more Hebei people staying in Taiwan, more economic contacts between Hebei and Taiwan, and more rapid development of enterprises using Taiwan investment in Hebei. However, compared with coastal provinces and cities, there is still a long way to go. We should summarize experiences, draw a lesson from these experiences, mete out improvement measures, and vigorously develop the cooperation with Taiwan.

Cheng Weigao stressed: We should resolutely implement central authorities' principles and policies concerning the economic work towards Taiwan. We should positively, warmly, and earnestly receive traders from Taiwan and other personnel coming to the province for investment and for running enterprises. We should further improve investment environment, soft environment in particular, and truly attain the goal of examining and approving the cooperative projects, that absorb Taiwan and foreign funds, by a single organ through one-stop service in order to raise work efficiency. We should successfully run existing Taiwan-invested enterprises, particularly the Taiwan investment zone and the major projects conducted in cooperation with Taiwan. The ranks of cadres of Taiwan affairs offices should be improved. Cadres of The Taiwan affairs offices should be familiar with the economics and be enthusiastic in serving Taiwan investors.

After reviewing the province's economic work towards Taiwan over recent years, Chen Liyou said: At the moment, in the course of successfully running existing Taiwan-invested enterprises, we should emphatically attend to the work relating to large enterprises of Taiwan and make great efforts to attract even more Taiwan-invested large projects. We should give full play to the province's advantages in natural resources, markets, professional personnel, and labor forces to strengthen the cooperation in various fields between Hebei and Taiwan. We should link the quantity of the absorbed Taiwan funds with the actual results of the funds and should pay equal attention to quantity and efficiency.

Regarding how to open to the outside world, Chen Liyou stressed: We should clearly understand the situation,

seize the opportunity, and work hard for fulfilling this year's opening up targets. In the first half of this year, the province's opening up work had witnessed the following three remarkable characteristics: Social and economic effect of foreign-invested enterprises of three types improved obviously; the activities organized by various localities to attract foreign investment increased obviously; new progress was effected in large clients and large cooperation items; the grafting and technological transformation of large and medium-sized enterprises was accelerated, and greater importance was attached to construction of development zones. We should firmly carry out the strategy of using export-oriented economy to bring along overall economic development in order to open the province even wider to the outside world. In accelerating opening up, we are faced with three opportunities: First, most areas in the world have a good impression on China's economy and places hopes on China's development; second, most areas in the world have a good impression on China's market; and third, enterprises in Hong Kong, Macao, and Taiwan are greatly interested in making investment in China. So long as we successfully seize the opportunity and truly attend to practical work in line with realities, we will certainly achieve results.

We should absorb foreign investment more vigorously and open to the outside world more rapidly. We should further strengthen the contacts with major clients at home and abroad, define key countries and regions from which foreign funds are absorbed, search for more money lending channels at home and abroad. We should positively contact central departments in charge of foreign affairs and foreign nationals and gear the province's related matters to the matters of these central departments. We should regularly be in contact with stronger foreign firms among the existing foreign-invested enterprises inside and outside the province. We should also regularly contact foreign embassy and consulates as well as foreign commercial and trade agencies stationed in Beijing and Tianjin. Organizational building of the provincial bureau for absorbing foreign funds should be strengthened in order to improve its quality. We should strictly examine opening up targets and continuously improve the intangible environment and work efficiency. Legitimate rights and interests of foreign traders should be protected. Provincial leaders should take the lead in participating in the work of opening to the outside world, strive to make large projects coordinated with each other, keep in touch with major clients, and try their best to ensure the supply of supporting funds for foreign investors.

We should meticulously organize the 1994 foreign economic and technological symposium, that will be held in Hebei's Shijiazhuang in September, to ensure success and results. We should concentratively make preparations for the major projects designed to absorb foreign investment during the symposium and strive to make a big breakthrough in signing major projects during the symposium.

**Inner Mongolia GDP Increases in Jan-Jun 1994***OW0808112394 Beijing XINHUA in English 0838  
GMT 8 Aug 94*

[Text] Hohhot, August 8 (XINHUA)—North China's Inner Mongolia Autonomous Region produced 20 billion yuan (about 2.3 billion U.S. dollars) in gross domestic product (GDP) in the first half of the year, an increase of 10.6 percent over the same period last year.

Local officials attributed such growth to increased investment in agriculture and animal husbandry. Since 1989 some 2.8 billion yuan has been used by the region in the construction of 105 production bases in agriculture, animal husbandry, forestry and aquatic products.

The move has boosted grain production to 10 billion kg annually and the number of domestic animals to 55 million. A survey in June showed that Inner Mongolia had a total of 57.122 million animals in stock, a record high.

Meanwhile, the region's rural enterprises produced 14.114 billion yuan in output value, with the amount of tax paid totaling 460 million yuan.

In the past five years Inner Mongolia has increased its coal production by 25.96 million tons, electricity capacity by 3.3 million kw and crude oil exploitation capacity by 1.226 million tons.

Since 1980 Inner Mongolia has opened 18 ports to the outside. From 1993 to the end of this June the region attracted 468 million U.S. dollars in overseas investment.

So far, Inner Mongolia boasts 884 overseas-funded enterprises, which exported 11.632 million U.S. dollars-worth of products in the first six months of this year, a rise of 70 percent compared with the same period of last year.

**Coal Mines Boost Economy in Inner Mongolia***OW0808144194 Beijing XINHUA in English 1254  
GMT 8 Aug 94*

[Text] Beijing, August 8 (XINHUA)—The township coal mines in north China's Inner Mongolia autonomous region have become the backbone of the local economy, according to FARMERS' DAILY today.

Since the adoption of the reform policy in 1978, 2,167 township coal mines have been built and their annual output has increased to 23.89 million tons from 2.72 million tons.

In 1993, the output value of these township coal mines reached 640 million yuan, accounting for 33.9 percent of that of township enterprises.

The township coal mines promoted the development of power stations and operations in the chemical and construction materials industries in the region.

The development of the township coal mines has also preserved the meadow and forest energy resources as more coal is used in the region.

The service industry has developed with the coal mines. Nearly 100,000 surplus laborers in farm and pastoral areas have gone to work in the transport industry and coal mines.

**Shanxi Establishes Provincial Tax Bureaus***HK0508134494 Taiyuan SHANXI RIBAO in Chinese  
29 Jul 94 p 1*

[Report by Fan Jianghong (2868 3068 3163): "Shanxi Provincial State Tax Bureau and Shanxi Provincial Tax Bureau Officially Set Up"]

[Text] Tax reform has resounded loudly in Shanxi. The Shanxi State Tax Bureau and the Shanxi Provincial Tax Bureau officially put up their plates yesterday.

Governor Sun Wensheng and Wu Dacai, vice chairman of the provincial people's congress, attended the press briefing and the ceremony marking the occasion.

Governor Sun pinned three hopes on the state tax bureau and the local tax bureau at the news briefing. One, that the cadres of the two bureaus should understand that, though the two bureaus are separate bodies, they constitute an inseparable whole. The leadership system and operational scope of the two bodies are different from those of the past. The two bodies perform work of a similar nature. They are entrusted with the important task of gathering wealth for the state and collecting taxes for the people. There are elements of the provincial state tax bureau in the provincial tax bureau and vice versa. Therefore, the two bodies must put the general interest above all else and must support one another. Two, that the new institutions should make achievements. They should set an example in pursuing the package reform and suit the needs of the reform and of the socialist market economy, which represents our general interests. Guided by Comrade Xiaoping's principle of pressing ahead with things that are beneficial in three aspects, they should change their functions and set an example. And three, that the new institutions should present themselves in a new way. They should strengthen the study of Comrade Xiaoping's theory of building socialism with Chinese characteristics as well as their knowledge of the market economy. They should also build up professional knowledge, observe rules and regulations, tighten discipline, and enforce the law so as to give the public an impression that they work diligently, honestly perform official duties, and are practical and efficient.

The leaders of the two bodies were also announced at the press briefing. Zhang Lusheng was appointed director of the Shanxi State Tax Bureau as well as its party group secretary, and Yuan Chongxin was appointed director of the Shanxi Provincial Tax Bureau and its party group

secretary. It has been learned that state tax bureaus will be set up in 11 localities across the province by 1 August this year.

### **Two 'Special' Steel Projects Built in Shanxi**

*OW0708153794 Beijing XINHUA in English 1410  
GMT 7 Aug 94*

[Text] Taiyuan, August 7 (XINHUA)—Two new special steel projects have been built by the steel giant Taiyuan Iron and Steel Company in north China's Shanxi Province.

The two new projects, an iron mine and a continuous hot-rolled steel plant, cost 2.8 billion yuan.

Situated in Lufan County east of Taiyuan city, the Jianshan iron mine has a proven reserve of 158 million tons. The mine produces four million tons of iron ore and 1.61 million tons of iron ore concentrate a year.

As a major state project, the construction of the iron ore mine started three years ago and a 104-km conveyor system for iron ore concentrate.

The continuous hot-rolled steel plant was completed eight months ahead of time. It is designed to produce three million tons of special steel a year.

### **Tianjin Patent Office Signs Accord With U.S. Firm**

*OW0908031294 Beijing XINHUA in English 0224  
GMT 9 Aug 94*

[Text] Tianjin, August 9 (XINHUA)—Tianjin Patent Office signed an agreement with IPP Associates and Network of the United States here yesterday on cooperation in patent affairs.

According to the agreement, the two sides will handle patent applications and patent permissions for Chinese and American departments and businesses. Multinational patent applications will also be part of their business.

Each side will provide patent or trade projects for the other side as well as helping each other in knowing laws and regulations of China and the United States.

### **Tianjin Holds Forum on Rural Party Building**

*SK0908075894 Tianjin TIANJIN RIBAO in Chinese 28  
Jul 94 p 1*

[Text] The municipal forum on rural party building was held in Jinghai on 27 July. The forum conscientiously relayed and implemented the spirit of the directive of the municipal party committee regarding the work of strengthening party building, and worked out specific plans regarding the current work of rural party building.

Zhang Yuhuan, vice chairman of the municipal people's congress standing committee and executive deputy chief of the leading group of the municipal party committee

for work in rural party building, relayed the important directive of Gao Dezhan, secretary of the municipal party committee, on doing a better job in the work of rural party building. Fang Fengyou, member of the standing committee of the municipal party committee and chief of the leading group of the municipal party committee for work in rural party building, gave a speech. Comrades of districts and counties—including Jinghai, Jinnan, Wuqing, and Jixian—introduced their experiences and ways of doing things.

The forum held that since the beginning of this year, party organizations at all levels in the municipality's rural areas have achieved more solid and remarkable progress in this work under the concern and leadership of the municipal party committee and through their conscientious and meticulous work.

The forum pointed out: It is necessary to act in line with the demands of the municipal party committee and municipal government, grasp the key points, carry out package reform, comprehensively fulfill this year's rural grass-roots party building tasks, and provide an effective organizational guarantee for realizing all rural work objectives. Efforts should be made to clearly define the objectives, formulate plans, resolutely fulfill this year's task of rectifying backward party branches, set time limits for resolving the problems of key villages with obvious contradictions, and actively promote the building of party organizations in township enterprises. In doing such work, it is necessary to conscientiously sum up the experiences of advanced models, actively publicize their advanced deeds, and further form a strong atmosphere in rural areas across the municipality in which all people learn from advanced models, offer comparisons with advanced models, catch up with advanced models, and prove are unwilling to lag behind advanced models, and thus work hard to achieve progress.

The forum stressed: It is necessary to further strengthen the leadership over the work of rural party building; to fully understand the status of rural work within the general tasks of the entire municipality and the role of rural grass-roots party organizations in "invigorating agriculture, in making the people rich, and in becoming well-off" as well as in the protracted nature and arduousness of building party organizations in rural areas; and exert strenuous efforts to enhance the cohesion and fighting strength of party organizations. All district and county party committees should regard strengthening rural grass-roots party organizational building as one of the important tasks in promoting rural development and maintaining rural stability, include it in the agenda, and clearly define the responsibility of principal leaders. All district and county party committees should examine the work of sending cadres to grass-roots levels of the previous stage, and enable the number of cadres who have assumed posts or who concurrently hold village posts to increase from more than 500 to about 1,000.



**Foreign-Invested Ventures Gain Profits in Tianjin***OW0708030694 Beijing XINHUA in English 0230  
GMT 7 Aug 94*

[Text] Tianjin, August 7 (XINHUA)—More than 60 percent of the foreign-invested ventures in northern China's Tianjin city are gaining high profits.

Sources from the Tianjin Municipal Foreign Trade and Economic Relations Commission (TMFTERC) said that foreign-funded enterprises earned a total of 1,446 million yuan in the first half of the year, an increase of 89.3 percent over the same period last year.

Officials said that because some 40 percent of the ventures are making losses or just breaking even, actual profits reached 1,156 million yuan.

More than 1,500 foreign-invested enterprises in the city have now started operation. These enterprises are making high contributions to boosting the local economy, according to the commission.

Foreign-invested enterprises account for 30.2 percent of Tianjin's exports, up 10 percent over the same period last year.

In addition, 24 foreign-invested enterprises in the city are now making over 100 million yuan in sales volume, entering the list of 140 top enterprises in Tianjin.

An official from TMFTERC said that good management in these enterprises, plus the Tianjin Government's full support and good service, played a leading role in the foreign investment success.

"To allow for foreign investors to gain profits is our aim and an important measure in improving Tianjin's investment environment," said Zhang Lichang, mayor of Tianjin.

Tianjin has become one of the most favored investment areas in northern China because it is very near to Beijing and has an international port. But high investment returns are most attractive to investors, experts in Tianjin pointed out.

**Northwest Region****Gansu Leaders Speak on Party, Government Work***HK0608073594 Lanzhou Gansu People's Radio  
Network in Mandarin 2300 GMT 29 Jul 94*

[Text] The Gansu Provincial CPC Committee and Government held a news briefing meeting in Lanzhou on the morning of 29 July. Secretary Yan Haiwang and Governor Zhang Wule briefed some cadres at the vice provincial level in Lanzhou on the operation of major work in the province in the first half of this year and on the preliminary plan and consideration for work in the second half of this year. The meeting was presided over by Provincial Deputy Secretary Sun Ying.

In giving a brief account on the progress of major work in the first half of this year, Yan Haiwang and Zhang Wule said: In the first half of this year, the whole province took the guidelines of the Third Plenary Session of the 14th CPC Central Committee as the pointer; used the guiding ideas of "seizing opportunities to deepen reform, open wider to the outside world, promote development, and maintain stability" put forward by the central authorities to direct work related to the overall situation, focusing on the correct handling of the relationship between reform, development, and stability; earnestly implemented various important reform measures; and made efforts to overcome difficulties in the course of advance. Work in all aspects progressed fairly smoothly. The economic and political situation was very good. Tasks set at the beginning of the year were fulfilled quite satisfactorily.

In giving a brief account of the key points of the work of the provincial party committee in the second half of this year, Yan Haiwang pointed out: We should properly grasp the following eight things. First, we should continue to properly solve the problem of the mental state of leading cadres. Second, we should stress doing a good job in grasping industrial production and financial revenue, while continuing to do a good job in grasping agriculture and rural work. Third, we should develop the market and curb price increases. Fourth, we should bolster and readjust some leading bodies. Fifth, we should strengthen the building of grass-roots party organizations. Sixth, we should continue carrying out in-depth work to fight corruption. Seventh, we should seriously implement the guidelines of the national education work conference. Eighth, we should properly conduct the Fourth Chinese Art Festival. In order to do these eight things earnestly, Yan Haiwang stressed, we must lay emphasis on grasping key and difficult points and on grasping implementation. We must grasp all aspects of work more firmly and in a more practical manner so as to obtain better results and to ensure the comprehensive fulfillment of all tasks set for this year.

In giving a brief account of the work of the provincial government in the second half of this year, Zhang Wule pointed out: In grasping economic work, we should stress results and benefits. In grasping the work of enterprises, we should stress reform, management, and technological transformation. In grasping social work, we should stress stability. We should focus on the general goal of results, benefits, speed, and the current growth of financial revenue, and should strive to make a major breakthrough in increasing the total quantity of funds operated. We should regard as a focal point the grasping of agriculture, town and township enterprises, and the individual and private economy. We should properly run large and medium-sized enterprises and do an even better job in circulation and three other aspects of work. We should strive to solve problems in the three links of increasing economic results, increasing financial revenue, and controlling excessive commodity price

increases, in a bid to promote the sustained, rapid, and healthy growth of the national economy.

#### **Gansu Governor Stresses Developing Poor Areas**

HK0508133094 Lanzhou Gansu People's Radio  
Network in Mandarin 2300 GMT 3 Aug 94

[Text] When conducting an investigation and study in Longnan Prefecture, Governor Zhang Wule emphatically pointed out: Poverty-stricken and frequent disaster areas should promote the construction of aid-the-poor development projects through specific guidance and should form the commercial superiority of the primary industry as soon as possible so as to speed up the pace of shaking off poverty.

Lixian County is one of the relatively poor counties in our province. Not long ago, some areas of the county were continuously hit by heavy hailstorms and the masses had difficulties in their everyday lives. Since 1 August, along with persons in charge of the planning, water conservancy, electric power, and five other departments, Zhang Wule has been paying visits as far down as the county level. Braving the hot weather, they visited dozens of peasant households in Yacheng and Luofang to learn about how they have been carrying out self-help production projects. They also inspected the Liba Gold Mining Enterprise, 30 km away from the county seat, and a river course dredging project, among others.

After listening to Lixian County's report on the aid-the-poor-through-development work, Zhang Wule said: In poverty-stricken and frequent disaster areas which have a poor work foundation and suffer great difficulties in development, special attention should be paid to carrying out the planned development projects by offering specific guidance. As far as Lixian County is concerned, while strengthening aid-the-poor work in [words indistinct].

Only when the work on both lines is carried out simultaneously can the county enhance its ability to develop itself as a whole. Because there are many factors which are arresting the county's development, we should carry out development projects one by one in order of importance and urgency, with a stress on practical results. Forestry, animal husbandry, and gold mining industry are Lixian County's three major industries, and it should devote great efforts toward enhancing their rates of commercialization.

Zhang Wule pointed out: Chengxian County in Longnan Prefecture has rich mineral resources. However, [words indistinct] and, particularly, we should avoid the arbitrary and unplanned exploitation of our resources. Zhang Wule stressed: Migration work is a task in the province's aid-the-poor work. It is particularly important to Wexian, Lixian, Dangchang, Wudu Counties in Longnan Prefecture. The prefecture and counties should seize every available opportunity and do a good job in the work.

#### **Ningxia Herdsmen Prospering Through New Methods**

OW0708083194 Beijing XINHUA in English 0802  
GMT 7 Aug 94

[Text] Yinchuan, August 7 (XINHUA)—More and more herdsmen in northwest China's Ningxia Hui Autonomous Region, one of the country's five leading pastoral areas, are becoming prosperous through the application of new breeding techniques.

The new breeding techniques have been developed by local scientific workers for raising the survival rate and weight of sheep, according to officials at the Regional Animal Husbandry Bureau.

Ma Wenzhong, a herdsman from Ningcheng Village in the suburbs of Yinxin Township near this capital of the region, specializes in breeding and slaughtering sheep. Last year he bred 2,100 sheep, of which he slaughtered and sold 1,000 the same year. The breeding of sheep alone earned him a net income of 50,000 yuan in 1993.

The autonomous region began to spread the new breeding techniques in 1990. So far, local departments have started 856 courses of various kinds and have trained more than 63,000 local herdsmen.

Besides establishing a group of exemplary villages and households, scientific workers have taken the initiative to go from door to door offering guidance to local herdsmen.

Eighty percent of the rural households in the autonomous region's 19 counties and cities have now applied the new breeding techniques to their herds.

Local herdsmen have bred and slaughtered an extra 586,000 sheep in the past three years, producing an additional five million kg of mutton and earning an extra 31 million yuan.

The officials added that an overwhelming majority of the households specializing in breeding sheep in Ningxia have become prosperous through the application of the new breeding techniques.

#### **Shaanxi Province To Lay 488.5-km Gas Pipeline**

OW0808135494 Beijing XINHUA in English 1257  
GMT 8 Aug 94

[Text] Beijing, August 8 (XINHUA)—Northwest China's Shaanxi Province is to lay a 488.5-km gas pipeline to fuel 17 counties and cities, according to the Beijing-based CHINA BUSINESS TIMES.

Local officials say that the project will help to improve the infrastructural facilities in the province, which is economically behind those in the southern and eastern parts of the country.

The pipeline, designed to transport 560 million cu m of gas a year, will connect the Changqing Oilfield in the northern part of the province with the capital city of Xian.

So far, inspections along the line are finished, and engineering will be started in the fourth quarter of this year.

The project is expected to be completed in 1996.

#### **Chairman Addresses Xinjiang Government Plenum**

*OW0708180694 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 6 Aug 94*

[Announcer-read report over video from the "Xinjiang News" program]

[Text] The Sixth Plenary Session of the Xinjiang Uygur Autonomous Regional People's Government was held yesterday afternoon. Autonomous regional Chairman Abulaiti Abudurexiti pointed out at the meeting: The strength of all quarters should be mustered to make concerted and enthusiastic efforts to overcome difficulties and problems in economic operations, focus on work for the month after next, and preserve economic development and social stability in the region.

Abulaiti Abudurexiti said: Our farming and animal husbandry production is now following a very good trend. Rural economics has shown a favorable trend of accelerated development. A gratifying situation wherein we are ensured of surplus grain and there are great increases in grain, edible oil, sugar, animal products, and net per-capita incomes of peasants and herders will appear in the autonomous region. The slide in industrial production in the first quarter has stopped, and production has rebounded. Key projects have progressed smoothly, spot trading and exports have continued their upward trend, and better results have been achieved in financial work. Under the state's unified arrangements, reforms in planning, taxation, finance, foreign trade, and prices have progressed smoothly. However, the overall situation in the first half of the year pointed to some outstanding problems. First, our industrial production was still of low quality and small scale. Second, there was a relatively big increase in market prices. Third, the autonomous region was in great financial difficulty [cai zheng ji du kun nan].

Abulaiti Abudurexiti pointed out: Governments at all levels and all departments should uphold the central task of economic construction, focus on economic work, and ensure that they fulfill all tasks and targets set at the Second Session of the Eighth Xinjiang Uygur Autonomous Regional People's Congress. First, we should not relax on farming and animal husbandry production. At present, we must focus mainly on procuring agricultural and sideline products, and preparations for winter wheat sowing. Second, we should vigorously increase industrial production. We should concentrate on relevant local departments that fall behind production quotas, carry out production management, and continue to promote sales, reduce stockpiles, and flexibility in using funds. We should vigorously develop county-level industries

and village and town enterprises. Third, we should adopt practical measures to prevent prices from increasing too fast. We should ensure the supply of nonstaple foodstuffs and vegetables to urban areas. We should quickly set up a government macroeconomic regulation and control system for prices. We should build a reserve system for major commodities such as grain, cotton, meat, and edible oil. We should continue to supply and make suitable changes in a small number of daily necessities and means of production required by people here. Fourth, we must raise revenues and reduce expenditure to ride out our financial difficulties. We should strictly control all kinds of expenditures, and tighten revenue collection and management. Fifth, we should actively organize our incomes to ensure suitable increases in wages and in investment in fixed assets. Sixth, we should improve foreign economic and trade relations and opening-up efforts. We should continue to improve the investment climate, tighten port control, and strive to reach \$1 billion in import and export trade. Seventh, we should further emphasize education work. Eighth, we should ensure social and political stability in the autonomous region by carrying out work that promotes stability.

Concluding his speech, Abulaiti Abudurexiti said emphatically: We should be confident and enthusiastic; properly handle the relationship between reform, development, and stability; carry forward the spirit of self-reliance and of working hard in a pioneering manner; rouse ourselves for vigorous efforts to make the autonomous region prosperous; and work in an enterprising spirit to overcome difficulties and problems ahead and to complete this year's tasks.

Tomur Dawamat, vice chairman of the National People's Congress Standing Committee, also spoke at the meeting.

#### **President Signs Order To Promote Xinjiang Officers**

*OW0908080694 Urumqi XINJIANG RIBAO in Chinese 30 Jul 94 p 1*

[Article by correspondent Xu Ke (6079 3784): "The Xinjiang Military District Holds a Ceremony To Confer Ranks on Promoted High-Ranking Military Officers—Fu Bingyue Is Promoted to Lieutenant General and Seven Others, Including Zhang Tongjin, Are Promoted to Major General"]

[Text] The Xinjiang Military District [XMD] solemnly held a ceremony on the morning of 29 July to promote officers to the rank of major general. At a ceremony held by the Lanzhou Military Region [LMR] to confer ranks on high-ranking military officers on 28 July, Fu Bingyue, LMR deputy commander and concurrently XMD commander, was promoted from major general to lieutenant general [lt. gen.].

High-ranking officers promoted to major general at the ceremony were Zhang Tongjin [1728 0681 6651], deputy



chief of staff of the XMD; XMD Logistics Department Director Wang Wude [3076 2976 1795]; XMD Logistics Department Political Commissar Lei Yin Hai [7191 6892 3189]; South Xinjiang Military District [SXMD] Deputy Commanders Ma Diankui [7456 3013 7608] and Han Guiliang [7281 6311 5328]; and SXMD Deputy Political Commissars Yibulayinmu [0181 0008 2139 7299 2606] and Zhang Kaili [1728 7030 4409].

XMD Deputy Commander Fang Denghua presided over the rank-conferring ceremony. Lt. Gen. Pan Zhaomin, LMR deputy political commissar and concurrently XMD political commissar, read out an order signed by Central Military Commission Chairman Jiang Zemin promoting officers to the military rank of major general.

On behalf of the XMD party committee, Pan Zhaomin addressed the rank-conferring ceremony. He urged comrades promoted to the rank of major general to cherish the noble honor conferred on them by the party and by the people of all nationalities, to justify the great trust placed in them, to study with an open mind, to work hard, and to make new contributions to army building and to Xinjiang's economic construction.

Lei Xingping, Zhao Shizhong [6392 1102 1813], and other XMD leaders, together with all the cadres of XMD organs, attended the rank-conferring ceremony.

#### **Commentary Urges Better Xinjiang Public Security**

*OW0908084794 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 8 Aug 94*

[Station commentary: "The Key Is To Truly Carry Out the Measures"; from the "Xinjiang News" program]

[Text] The key to properly carrying out work on comprehensive control of public security in rural and pastoral areas is to truly carry out various measures. First, we need to do good ideological work; second, we need to properly organize concerned personnel; and third, we need to properly carry out all control measures. Party and government leaders at all levels should fully understand the great significance of ensuring stability and development in rural and pastoral areas for ensuring the stability and development of all of Xinjiang.

They should realize the importance and necessity of concentrating our efforts on improving public security in rural and pastoral areas. They should regard building up grass-roots party organizations, committees on politics and law, and village committees as an important daily task. They should promote to leading posts outstanding party members who have a good ideological and work style, who dare to explore new spheres and know how to lead, who are able to lead peasants and herdsmen to improve their livelihood, and who dare to deal with bad people and evil things. They should regard the responsibility and tasks of comprehensive control of public security as a part of the objectives to be achieved by cadres during their tenures.

They should organize a few campaigns to sternly and effectively crack down on various crimes. Finally, they should simultaneously take personnel, material, and [word indistinct] measures to prevent crimes and truly carry out these measures to ensure that good results are achieved.

#### **Xinjiang Meeting Held on Rural Social Order**

*OW0508114894 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 4 Aug 94*

[From the "Xinjiang News" program; video unmonitored for entire report]

[Text] A work conference on comprehensive management of social order in Xinjiang Uygur Autonomous Region's agricultural and pastoral areas was held in Urumqi on 3 August.

In his speech, (Li Fengzi), member of the Xinjiang Uygur Autonomous Regional CPC Committee Standing Committee and secretary of the Political and Legal Committee, pointed out: During 1994-95, Xinjiang should take managing chaos as the breakthrough point and focus on the crackdown on various crimes to strengthen management of social order in agricultural and pastoral areas.

(Li Fengzi) said: The task to strengthen management of social order in rural areas is initiated and coordinated by commissions for comprehensive management of social order at various levels. Concrete arrangements for the task are made with public security departments as the main body and with the participation of relevant departments. Areas and spots to be managed are areas along railways and highways, rural villages and towns, military regiment production-construction farms, areas where urban and rural areas meet, factories and mines, areas around oilfields, rural fair trades, farmers' markets, border ports, and rural areas where social order is in chaos. Troublemakers, fierce fighting, train and road bandits, village bandits, murderers, robbers, rapists, violent criminals, gangs, theft rings, and other serious criminal offenses are the targets of the crackdown.

(Li Fengzi) pointed out: To control social order in agricultural and pastoral areas is important in consolidating border areas, safeguarding the motherland's reunification, and developing Xinjiang's economy. Party committees and governments at various levels should have a profound understanding of the necessity and importance of concentrating on managing Xinjiang's agricultural and pastoral areas; give a big blow to serious crimes and sabotage activities by a few national separatists in agricultural and pastoral areas through managing the agricultural and pastoral areas where social order is in chaos and conspicuous crimes in agricultural and pastoral areas; manage weak and loosely organized grass-roots organizations; establish and perfect preventive mechanisms of safeguarding social order; promote

implementation of measures of comprehensive management of social order; maintain long-term stability in agricultural and pastoral areas; and promote overall development in agricultural and pastoral areas, so as to ensure smooth progress of reform and opening up.

Also attending the meeting were (Ma Cunliang), vice chairman of the Xinjiang Uygur Autonomous Regional People's Congress; (Sulai Yimai), vice chairman of the Xinjiang Chinese People's Political Consultative Conference Committee; and some 100 representatives from Xinjiang's organization, public security, justice, civil affairs, and other relevant departments.

#### Article Views Deficits of Xinjiang State Firms

OW0508121194 Urumqi XINJIANG RIBAO in Chinese 22 Jul 94 p 4

[Article by Tang Yigai (3282 0001 3346), head of the General Department of the Xinjiang Regional Commission for Restructuring the Economy: "Improve Macro-Control"]

[Text] In the whole country, one-third of state-owned enterprises are making profits, one-third of state-owned enterprises are breaking even, and one-third of state-owned enterprises are suffering losses. In Xinjiang, the number of state-owned enterprises which suffer from losses accounts for more than half. Fundamentally speaking, the problem of state-owned enterprises is mainly caused by the inseparability of government and enterprises and by ineffectiveness in changing operational mechanisms. However, the difficulties faced by state-owned enterprises at present also include the following points:

First, the difficulties were caused by an erroneous industrial policy. Before reform, our country's economy overemphasized the factor of preparations against war [bei zhan yin su 0271 2069 0936 4790] and industrial enterprises were characterized by being small in scale and located in various places. For instance, all counties established small chemical fertilizer plants, small farm machinery plants, and other small plants. They formed a pattern of being small but complete, with very poor economic efficiency. After carrying out reform, the policy overemphasized local initiative. In particular, under the situation in which price reform is lagging behind and commodity prices are distorted, various locales vied with each other to produce items with high taxes and profits. Productions are overlapping, and the situation of competition at a low level has become even more serious than before. Among state-owned enterprises which have difficulties, with the exception of those caused by poor management, most of them belong to two categories: One kind of enterprise is producing long-term oversupplied goods, and the other kind of enterprise developed too quickly and now has excess production capacity.

Second, the difficulties were caused by heavy taxes. Since carrying out reform and opening up, in order to

introduce outside capital and technologies and whip up the enthusiasm of all sides, the state has implemented a policy of reducing or waiving taxes for foreign-funded enterprises, individual and private enterprises and village and town enterprises. However, state enterprises, which are the main source of state revenue, do not enjoy the benefit of tax reduction. State-owned enterprises have less and less of their own funds and have difficulties developing on their own.

Third, the social burden of state-owned enterprise is too heavy. Since the founding of New China more than 40 years ago, pensions for retired personnel have been provided by enterprises. In addition, under the conditions of planned economy, state-owned enterprises have accepted staff members and workers who are not needed by those enterprises. Therefore, state-owned enterprises have a large number of unnecessary people, and the situation is quite serious. Therefore, state-owned enterprises have their inherent shortcomings, with low economic efficiency and weak competitive power.

As mentioned above, the fundamental reason of state-owned enterprises' difficulties is due to an unsound system. This problem cannot be solved until reform is carried out to a certain extent. In order to alleviate the difficult situation of state-owned enterprises, enterprises themselves must improve their operation and management, but we must also not overlook the improvement of macroeconomic regulation and control. Toward those enterprises, which were set up due to erroneous macroeconomic regulation and control and bound to suffer from economic losses, we should close or have them merged with other enterprises. We should create conditions for and enable state-owned enterprises to compete with other enterprises on an equal footing, and establish a social security system in line with the market economy as quickly as possible. Only in this way can state-owned enterprises hope to change their present difficult situation and find their own competitive market position.

#### Xinjiang Develops Minority Education as Priority

OW0808113694 Beijing XINHUA Domestic Service in Chinese 2105 GMT 20 Jul 94

[By reporter Liu Tongqi (0491 0681 6386)]

[Text] Urumqi, 21 Jul (XINHUA)—The Xinjiang Uygur Autonomous Region has adopted various special policies and measures to develop minority education on a priority basis, leading to remarkable improvements in the educational standards of various ethnic groups.

There are 46 ethnic groups in Xinjiang. Of these, Uygurs, Kazakhs, and four other ethnic groups use their own spoken and written languages. Schools that use various ethnic spoken and written languages as the medium of instruction now account for 71.8 percent and 51.38 percent, respectively, of 7,088 primary schools and 1,851 middle schools in the region, which currently leads the

country in terms of the number of primary and middle schools that use ethnic spoken and written languages as the medium of instruction.

Since the founding of New China, the party and government have adopted many concrete measures aimed at ensuring the development of minority education on a priority basis. Since 1980, Xinjiang has set up over 100 ethnic classes in more than 50 colleges and universities in the hinterland, training several thousand senior professionals of ethnic origins. In recent years, the autonomous region has allocated 2 million yuan in special funds annually to promote nine-year compulsory education in poverty-stricken minority counties. In view of the special circumstances in which the production of small quantities of assorted teaching materials in the six ethnic spoken and written languages has resulted in heavy losses, the autonomous regional financial department has allocated another 6 million yuan in special funds annually to subsidize the production of teaching materials for minority education, with the aim of solving the problem of publishing ordinary textbooks in minority languages for primary and middle schools.

It is reported that these concrete policies and measures have effectively guaranteed the healthy development of minority educational services, leading to remarkable improvements in the educational standards of ethnic groups. Minority students enrolled in colleges, universities, and technical secondary schools in Xinjiang now exceed 53,000, nearly 51.7 percent of all students in those institutions. During the 10-plus years since the introduction of reform and opening up, Xinjiang has cultivated 132,000 minority students who are graduates

of colleges, universities, or technical secondary schools. In farming and pastoral areas, the enrollment rate of school-age minority pupils is more than 90 percent, and the literacy rate of minority peasants and herdsmen is 85 percent.

#### **Sorghum Thief Executed for Killing Peasant**

*OW0908091594 Urumqi XINJIANG RIBAO in Chinese 30 Jul 94 p 2*

[By Wang Shihua (3769 0013 5478): "Sorghum Thief Who Commits Murder Is Executed in the Face of Merciless Law"]

[Text] Liu Jianli, a robber and thief, was executed by firing squad on 30 June.

Liu Jianli was a 48-year-old peasant from Nalati township in Xinyuan County. During the small hours of 29 September 1991, he and Li Xinseng (who had a previous criminal record) went to the farm of Niu Juncai, a man from the same township, to steal sorghum and were detected by Niu Juncai, who was keeping watch on his farm.

Liu Jianli violently attacked Niu Juncai with a wooden club, instantly knocking him to the ground. Niu Juncai then struggled to his feet and knelt before Liu whose shirttail he grabbed. Liu once again hit Niu Juncai's head savagely with the remaining half of his broken wooden club. The two criminals Liu and Li left the scene in panic immediately after that, and it was on the following day that people found the kindhearted Niu Juncai dead.



**Cross-Strait Talks End; Press Release Issued****Tang Cites Talks Success**

*OW0808142994 Beijing XINHUA Domestic Service in Chinese 1312 GMT 8 Aug 94*

[By reporters Wang Zhi (3769 3589) and Chen Jianshan (7115 1696 1475)]

[Text] Taipei, 8 Aug (XINHUA)—The "Joint Press Communique on the Taipei [Taipei] Talks Between the Association for Relations Across the Taiwan Strait [ARATS] and the Strait Exchange Foundation [SEF]" was released after it was signed by Tang Shubei, ARATS executive vice chairman, and Jiao Renhe [Chiao Jen-ho], SEF vice chairman and secretary general, at the Taoyuan Airport in Taipei this morning.

The press communique consists of eight parts: 1) ties between the two organizations; 2) consultations on routine affairs; 3) verification and use of documents; 4) opening of cross-strait express mail services; 5) improvement of the quality of cross-strait telephone services; 6) economic exchanges; 7) cultural, educational, and scientific and technological exchanges; and 8) mutual assistance in processing matters concerning the inheritance of property.

Jiao Renhe and others called on Tang Shubei at the Howard Plaza Hotel where he was staying to bid farewell to him this morning. At the meeting, Tang Shubei said it is of great significance that the two sides have reached a high degree of common understanding on the three issues discussed. He hoped that the second "Wang-Ku talks" will be held in Beijing within the year and that dialogue between the two organizations' top-level personalities will be realized as soon as possible. Jiao Renhe also held that the outcome of the latest talks will be an essential factor for facilitating the second "Wang-Ku Talks" and has a positive significance for ironing out differences and establishing mutual trust.

Before departure from Taipei, Tang Shubei thanked Taiwan's relevant departments for their hard work, and Taiwan's press circles for their extensive coverage on the talks.

**Tang on Opposition Party**

*OW0808143894 Beijing XINHUA in English 1420 GMT 8 Aug 94*

[Text] Taipei, August 8 (XINHUA)—A senior official of the mainland Association for Relations Across the Taiwan Straits (ARATS) expressed the hope to have contacts with the Taiwan opposition party someday.

ARATS Vice-Chairman Tang Shubei said before leaving Taipei [Taipei] for Beijing earlier today that his mission this time prevented him from having any contact with the Taiwan opposition party.

"But I hope to be in contact with them in Beijing or other places at a proper time and under a suitable name convenient to both sides," said Tang.

Tang was to fly back after four days of talks with his counterpart Chiao Jen-ho from Taiwan's Straits Exchange Foundation (SEF) over three major issues including the repatriation of airline hijackers.

Tang said that despite the differences in political beliefs and ideologies between the mainland side and Taiwan opposition party, the two sides share the same concerns for stability, peace and the well-being of the people on both sides of the straits.

"We can exchange viewpoints and seek understanding in these aspects," said Tang.

"I expect to hold discussions with the Taiwan opposition party on issues relating to the development of relations across the straits," said Tang. "Such development should be achieved in the interests of people in Taiwan but by no means at the cost of the interests of people on the mainland."

**Tang Notes Common Ground**

*HK0808145494 Beijing ZHONGGUO XINWEN SHE in English 1249 GMT 8 Aug 94*

[Text] Taipei, 8 Aug (ZHONGGUO XINWEN SHE)—The Vice-Chairman of the Association for Relations Across the Strait (ARATS), Mr. Tang Shubei, said here this morning before his departure that the Mainland side would surely pay much attention to Taiwan's opposition party which represented some 30 percent of public opinion. Mr. Tang noted that there was quite a lot of common grounds between the two sides even though they had different political ideas and ideology.

Mr. Tang said that because of his mission he could not make contact with opposition party members but he was willing to communicate with them either in Beijing or elsewhere at convenience of the two sides if there was a chance. He added that he highly valued opinion expressed by the opposition party at a time before the party was formally set up and that he tried every possible mean to make contact with members of this party.

The Mainland official said that although there existed so many differences between the two sides, he discovered common grounds which mainly lay in great concern on cross-strait stability and welfare for the people of the two sides. He said that the Mainland side and the opposition party could exchange views and reach consensus. He reiterated that he hoped to make contact with the Taiwan opposition party to discuss development of cross strait relations which should be beneficial for the Taiwan compatriots as well as for the Mainland people. Mr. Tang finally said that he wished an attitude with reason would be employed by some people when expressing their opinion.

In other development, the Vice-Chairman of Straits Exchange Foundation (SEF), Mr. Chiao Jen-ho, said that three agreements reached in the Taipei meeting as well as progress made in exchange of views covering the fields of economy, culture and science as well as technology would be advantageous to strengthen exchange across the strait in future.

As the cross-strait relations are of a long term work, the SEF vice-chairman said, the organization learned so much which was useful for preparations for further talks. Mr. Chiao said that the just ended meeting helped increase mutual understanding and employ pragmatic practice to get problems solved while at the same time sensitive matters were successfully evaded. He wished that further talks like this one would be held in a bid to help establish mutual confidence and consensus.

### **Tang Returns to Beijing**

OW0808163394 Beijing XINHUA in English 1621  
GMT 8 Aug 94

[Text] Beijing, August 8 (XINHUA)—Vice-chairman of the mainland Association for Relations Across the Taiwan Straits (ARATS) Tang Shubei was back in Beijing this afternoon after four days of talks with his counterpart Chiao Jen-ho of SEF in Taipei [Taipei].

This was the first visit of an ARATS senior official to Taiwan. The talks between ARATS and SEF senior officials were conducted in accordance with the "agreements on institutionalized contacts and talks between the two organizations" signed by ARATS and SEF top leaders Wang Daohan and Ku Chen-fu during their first meeting on April 29, 1993 in Singapore.

During the four-day talks, Tang Shubei and Chiao Jen-ho exchanged opinions over the two organizations' affairs and the implementation of the four agreements signed during the first "Wang-Ku" meeting last year.

The two sides overcame the main differences and reached common understanding over three major issues of dealing with disputes over fishing rights between people from the two sides of the straits, the repatriation of airline hijackers and repatriation of people who enter the areas of the other side in violation of relevant regulations.

The common understanding has led to breakthroughs in document formulation and the other eight aspects concerning contacts and consultations of ARATS and SEF, opening of express postal service, improving telecommunications across the straits, exchanges in economic, trade, culture, and science and technology as well as helping each other in settling affairs involving inheritance.

The two sides also produced a joint press release.

The talks were carried out in a candid manner, and the results are positive and fruitful.

During his stay in Taipei, Tang Shubei visited SEF Chairman Ku Chen-fu and other people.

Welcoming Tang's return to Beijing, Deputy Director of the Taiwan Affairs Office of the State Council Chen Yunlin said at Beijing airport that the talks represent a step forward in implementing agreements produced by the first "Wang-Ku" meeting.

It is also important for further strengthening exchanges and cooperation between ARATS and SEF, as well as promoting the development of relations across the straits.

Chen said that the success of the talks has proved that although the two sides have been separated for a long time and still have differences over political affairs, the two authorized organizations can increase understanding, overcome differences and build up mutual trust so long as they stick to their non-governmental nature, avoid sensitive political issues in their contacts and do not impose their own political beliefs on the other side while increasing exchanges at the top level.

Chen said that a few people in Taiwan have been noticed attempting to create new obstacles to the development of the relations across the straits by disrupting the smooth progress of the talks.

Their attempts have been criticized and will continue to be condemned by the Chinese people.

Chen pointed out that prospects are bright for cooperation between the two sides across the straits, which represent the Chinese nation's fundamental interests.

Chen called for further efforts from the two organizations in promoting relations across the straits, expanding exchanges and cooperation in every field including economic and trade and creating conditions for the second "Wang-Ku" meeting.

### **More on Tang's Remarks**

OW0908040994 Beijing XINHUA Domestic Service in Chinese 1534 GMT 8 Aug 94

[By reporter Zhao Wei (6392 5898)]

[Text] Beijing, 8 Aug (XINHUA)—After ending their talks in Taipei [Taipei] with Jiao Renhe [Chiao Jen-ho], vice chairman and secretary general of Taiwan's Strait Exchange Foundation [SEF], Tang Shubei, executive vice chairman of the Association for Relations Across the Taiwan Straits [ARATS], and his party returned to Beijing tonight.

The talks between the persons in charge of the two organizations were held according to the "Agreement on the System for Establishing Contacts and Holding Talks Between ARATS and SEF," which was signed by the two organizations. The talks were also the first ones in Taiwan in which a person in charge of ARATS took part. During the four days of talks, Tang Shubei and Jiao

Renhe fully exchanged views on the affairs of the two organizations and on the implementation of the four agreements signed during the Wang Daohan-Gu Zhenfu [Ku Cheng-fu] talks. On the basis of the five previous working-level consultations at the deputy-secretary-general level, the Taipei talks resolved the major differences over the "Agreement on Handling Fishery Disputes Between the Two Shores," the "Agreement Between the Two Shores on Repatriating Aircraft Hijackers," and the "Agreement on the Repatriation of Persons Entering the Other Side's Region in Violation of the Relevant Regulations and on Related Issues." Mutual understanding on specific problems was reached, and breakthrough progress was made during the talks, thus providing the prerequisites and laying the foundation for deciding the final text of and for signing an agreement. The talks also reached a high degree of common understanding on contacts and working-level consultations between ARATS and SEF; on the verification and certification of documents; on expanding the express postal services between the two sides; on improving the quality of telephone service between the two sides; on economic and trade exchange; on cultural, educational, and science and technological exchanges; and on assisting each other in handling matters concerning receiving inheritances; and they issued the "Press Release on the Taipei Talks Between ARATS and SEF."

During his stay in Taipei, Tang Shubei also met with Gu Zhenfu and Sun Yunxuan, SEF chairman and honorary chairman, respectively, as well as other people concerned. He also visited the Xinzhu [Hsin-chu] Science Park.

Tang Shubei and his party were greeted at the airport tonight by Chen Yunlin, deputy director of the CPC Central Committee Central Office for Taiwan Affairs and the State Council Taiwan Affairs Office; by Lin Liyun, adviser to ARATS and vice chairman of the Overseas Chinese Affairs Committee of the National People's Congress; and by Zheng Hongye, chairman of the China Council for the Promotion of International Trade.

Chen Yunlin said that the Taipei talks were positive and fruitful and that they achieved results in various respects. He said: The State Council's Taiwan Affairs Office approves of and applauds Vice Chairman Tang Shubei's fruitful work during his Taiwan trip, and it extends its cordial regards and thanks to Vice Chairman Tang, all ARATS delegates taking part in the talks, and the experts retained by ARATS, for their diligent work. He pointed out: The talks not only have taken an encouraging step toward implementing the agreements signed at the "Wang Daohan-Gu Zhenfu talks" but also have great significance for strengthening the ties and cooperation between ARATS and SEF and for accelerating the development of cross-strait relations.

Chen Yunlin said: The Taipei talks between persons in charge of ARATS and SEF indicate that despite the

political differences between the two sides and the lack of contacts over the years, as long as the two authorized nongovernment organizations insist on the nongovernment nature of their talks, that sensitive political issues be avoided during their working-level talks, and that one side's political demands not be imposed on the other side through working-level agreements, and as long as the two organizations increase their high-level communications and frankly and sincerely exchange their views, the two organizations definitely will be able to enhance mutual understanding, defuse misunderstandings, iron out differences, establish mutual trust, and play a positive role in advancing exchange and cooperation between the two sides of the strait and in further accelerating the development of cross-strait relations. The talks also indicate that as long as the Chinese people on the two sides of the strait fully make use of their wisdom, they can solve completely their own internal differences and can find ways that are acceptable to both sides to solve their problems.

Chen Yunlin pointed out: The large numbers of compatriots on the two sides of the strait, Hong Kong and Macao compatriots, our countrymen residing abroad, and overseas Chinese all have a common desire to promote cooperation between the two sides and to jointly rejuvenate the Chinese nation; they attached great importance to and supported forcefully the talks. This is the cornerstone and mainstream of the development of cross-strait relations. We also have noticed that a small number of people in Taiwan attempted to create new obstacles to the development of cross-strait relations by trying to stop the talks from proceeding smoothly. These peoples' acts are extremely unpopular; they have been and will continue to be condemned and cast aside by the Chinese people.

While meeting reporters at the airport, Tang Shubei said that the talks were conducted in a frank and sincere atmosphere. As for the signing of the final agreement, Tang Shubei said: During the talks, the two sides found common ways to express both their agreement and disagreements over the three issues under discussion. Now we need to do some work on the wording of the agreement. When asked when the final agreement would be signed, Tang Shubei said that he was optimistic about it.

Sun Yafu, ARAFTS deputy secretary general, and his party, all of whom arrived in Taiwan on 29 July for the fifth round of working-level talks between ARATS and SEF, also returned to Beijing today.

#### Exchange Programs Announced

OW0808163894 Beijing XINHUA in English 1449  
GMT 8 Aug 94

[Text] Taipei [Taipei], August 8 (XINHUA)—A series of exchange programs involving teenagers' visits to the other side, cultural relics exhibitions and scientific and



technological personnel exchanges as well as journalistic seminars across the Taiwan Straits have been announced here today.

As a concrete result of the four-day talks between Tang Shubei, vice-chairman of the Beijing-based Association for Relations Across the Taiwan Straits (ARATS), and Chiao Jen-ho, vice-president of the Taipei-based Straits Exchange Foundation (SEF), the exchange program will be put into operation soon.

SEF will help organize senior high school basketball teams, teams of college students and senior high school students to visit the mainland. Exhibitions of scientific works made by Taiwan high school students will also be held on the mainland.

In return, ARATS will organize college and university students, outstanding youths, middle school students from Beijing, Tianjin and Shanghai and ethnic teenagers' artistic groups to visit Taiwan.

A non-government-organized cultural relics and fine arts show for the mainland will be encouraged by SEF. And ARATS will help organize relics shows of all kinds in Taiwan.

Talent exchanges will be held in such fields as the natural sciences, including physics, chemistry, astronomy, earth science, oceanography and mathematics; engineering sciences, including photoelectricity, radio telecommunications, high-grade materials, space science and computers; life sciences; and the humanities and social sciences.

Establishing academic, scientific and information exchange channels across the straits will be encouraged.

In addition, journalistic academic activities including seminars will be held.

#### Report on Joint Press Release

OW0808153094 Beijing XINHUA in English 1506  
GMT 8 Aug 94

[Text] Taipei, August 8 (XINHUA)—The Beijing-based Association for Relations Across the Taiwan Straits (ARATS) and the Taipei [Taipei]-based Straits Exchange Foundation (SEF) have issued a joint press release following their talks in Taipei from August 4-7.

The talks were held between Tang Shubei, executive vice-chairman of ARATS, and Chiao Jen-ho, vice-president of SEF.

According to the press release, the two sides have reached common understanding on the following issues:

On the ties between the two organizations, the two sides hold that the multi-level exchange between ARATS and SEF is conducive to further enhancing understanding, eliminating misunderstanding, narrowing differences and cultivating mutual trust; the two sides have committed to inform each other major incidents involving

life and property of people living on the two sides of the Taiwan Straits and their settlement and agreed that they will respect the wishes of the families when incidents occur involving deaths. The two sides also agreed to urge their respective departments to provide conveniences for mass media that apply for new coverage of major and urgent incidents.

On consultation on issues concerning the two sides of the Taiwan Strait, the press release said that the two sides have reached common ground for solving major differences on such problems as the repatriation of people entering into each other's side and hijackers and fishing disputes and agreed to sign an agreement as soon as possible.

The two sides agreed to hold talks as soon as possible on the joint efforts to deal with smuggling and pirating on the seas, the protection of intellectual property rights and the mutual assistance between the judicial organs on the two sides of the Taiwan Straits.

On the verification of the use of documents, the two sides agreed in principle to increase the sending by posts the categories of copies of notary documents concerning taxation and patent case history and strive to reach a written common understanding together with the notary associations in Taiwan and the mainland. The two sides also agreed to provide assistance on individual cases concerning the verification of documents other than notaries.

On the express mail service, the two sides agreed to increase the traffic of express mail services and will decide on specific matters separately.

The two sides also agreed to improve the telecommunications quality between the two sides of the Taiwan Straits by appropriate measures.

On economic exchange, the two sides agreed to promote seminars on economic and trade disputes between the two sides among people's or academic organizations in order to facilitate the discussions between ARATS and SEF.

On culture, education and scientific and technical exchanges, the two agreed that ARATS and SEF and other people's organizations will actively plan regular academic and cultural exchanges between students of colleges and universities on the two sides of the Taiwan Straits and the sports, arts, scientific activities among middle and primary schools students.

The two sides promised to promote the study activities in the management and protection of cultural relics among the people's organizations on cultural relics and promote the mutual participation by scholars in ancient tomb excavation. The two sides also encouraged the exchange of exhibitions on cultural relics, promote the exchange of visits by scholars specializing in cultural relics as well as the personnel exchange and training between the two sides of the Taiwan Straits. The two

sides will discuss matters on sample copies concerning the exchange in cultural relics between the two sides.

The two sides agreed to promote personnel exchange in natural sciences, humanities studies and social sciences and strengthen the exchange and study in such areas as the prevention and control of natural disasters and environment.

The two sides also agreed to promote the exchange of visits by leaders and senior journalists of mass media on the two sides of the Taiwan Straits.

The two sides agreed to provide mutual assistance concerning matters on the inheritance of property of the deceased, including carrying announcements in newspapers, providing the specifics about inheritors, the verification of the capacity of inheritors and other matters.

#### **'Text' of Press Release**

OW0808194894 Beijing XINHUA Domestic Service in Chinese 1431 GMT 8 Aug 94

[Text] Taipei [Taipei], 8 Aug (XINHUA)—The "Joint News Release for Talks Between the Association for Relations Across the Taiwan Strait [ARATS] and the Straits Exchange Foundation [SEF]," signed by Tang Shubei, ARATS executive vice chairman, and Jiao Renhe [Chiao Jen-ho], SEF vice chairman and secretary general, was released this morning. Full text of the news releases follows:

Tang Shubei, executive vice chairman of the ARATS and Jiao Renhe, vice chairman and secretary general of the corporate body SEF, conducted talks in Taipei from 4 to 7 August in pursuance of an agreement between them. They fully exchanged views on affairs of the two organizations and the results in the implementation of the four agreements signed at the "Ku-Wang talks" and reached the following consensus:

#### **I. On Contacts Between the Two Organizations**

1. Both sides held that the strengthening of exchanges between the two organizations at various levels was beneficial for further enhancing mutual understanding, eliminating misunderstanding, narrowing differences, and cultivating mutual trust.

2. Both sides agreed that important events related to people's life and property safety as well as the results in handling them on one side should be reported in time to the other side. The carrying back of the remains of the deceased in such events must be conducted with respect to the will of family members of the dead.

3. Both sides agreed that the two organizations would appeal to relevant departments to assist, in regard to examination and approval procedures, news reporters and other press personnel applying to cover important and emerging events related to the lives and property safety of the people of either side.

#### **II. On Consultations on Routine Affairs**

1. The two sides discussed three topics including the "repatriation of people illegally entering the other side's territory and related issues," "matters related to the repatriation of hijackers across the strait," and "consultations for dealing with disputes over marine fishing across the strait." The two sides agreed they would work out, through consultation as soon as possible, a text and sign an agreement on the settlement of the main differences and the reaching of consensus.

2. Both sides agreed that they would, as soon as possible, engage in consultation on the "question of jointly cracking down on the criminal activities of smuggling and robbery at sea," "protection of intellectual property rights," and "contacts and assistance between courts across the strait" [mutual assistance between judicial organs across the strait].

#### **III. On Assistance in Offering Documents**

1. Both sides agreed in principle on the increase of varieties of notarial deeds in four categories, including tax and medical records, and will in the near future write down on paper their consensus with the help of notary bodies.

2. The two sides agreed on offering assistance for other document testification than notarial deeds on individual cases.

#### **IV. On Improvement of Express Mail Service Across the Strait**

Both sides agreed that the express mail service across the strait should be improved. Concrete methods will be defined later through consultations.

#### **V. On Improvement of the Quality of Telephone Communications Across the Strait**

The two sides agreed on actively improving the quality of telephone communications in proper ways.

#### **VI. On Economic Exchange**

The two organizations agreed on helping to bring about the staging of seminars by nongovernmental organizations and academic institutions on disputes in trade and economic cooperation between the strait, which would in turn further facilitate the talks between the two organizations.

#### **VII. On Exchange in Fields of Culture, Education, Science and Technology**

##### **1. Exchanges Between Youth as Well as Teenagers**

The two organizations, together with other nongovernmental groups and academic societies, will actively plan and regularly hold various kinds of activities covering academic exchanges, literary and art activities, and other

friendly get-togethers for cross-strait university and college students, and organize visits by middle school students and primary pupils in learning from and participating in various activities in the areas of sports, performance, and science and technology.

## 2. Exchange of Cultural Relics

Both sides will, through nongovernmental channels, promote their activities of exchanging and learning from each other's experience in their management over and maintenance of relics and encourage scholars from the two sides of the strait to participate in excavating ancient tombs. Exhibitions of cultural relics held on both sides of the strait in a nongovernmental way will be encouraged. Mutual visits by scholars specializing in cultural relics will be actively promoted. Exchanges between and training of personnel specializing in this sector will be strengthened.

Model contracts for exchange of cultural relics across the strait will be studied and worked out.

## 3. Exchange of Science and Technology

Both sides agreed on exchanging activities between personnel specializing in natural and social sciences and liberal arts. Exchanges and studies in scientific and technological fields, including prevention and control of natural calamities and environmental protection should be strengthened.

## 4. Exchange in Journalist Sector

Both sides agreed that they would promote mutual visits by leaders and senior personnel in the news media sector.

An appendix on specific exchange projects in the aforementioned fields is attached at the end.

## VIII. On Mutual Assistance in Handling Inheritance

1. The ARATS agreed to SEF's publication of announcements on inheritance in mainland newspapers. The content, to be announced, will be defined through consultations as soon as possible.

2. The SEF agreed to provide information to ARATS about names, native places, dates of death, and addresses of the deceased in Taiwan so as to help inheritors from the mainland to exercise their rights.

3. Both sides agreed that they would, if necessary, mutually offer assistance in verifying the identity of inheritors.

4. ARATS agreed to SEF's request for ARATS' assistance in delivering the legacy to the inheritor according to law and, after the inheritor receives the legacy, sending the receipt to the SEF. Except for the required service charges that are deducted in accordance with regulations, the ARATS should see to it that the inheritor receives his legacy.

5. ARATS agreed to offer assistance and report to departments concerned when a Taiwan inheritor comes to the mainland to inherit in accordance with the law.

## Appendix: Specific Exchange Projects in the Fields of Culture, Education, Science and Technology

### I. Exchange Between Youth As Well As Teenagers

The SEF will help bring about visits by and the staging of senior high school basketball teams, science exhibitions of middle schools, and delegations of college youths and senior high school students for exchanges with the mainland.

ARATS will help bring about visits by delegations of college students, outstanding youths, as well as delegations of middle school students from Beijing, Tianjin, and Shanghai for exchanges with Taiwan.

### II. Exchange of Cultural Relics

The SEF will encourage the nongovernmental groups to hold exhibitions of cultural relics and artistic works in the mainland.

ARATS will promote exhibitions in Taiwan of cultural relics by category (such as bronze ware, pottery, etc.), by regions (such as Sichuan, East China, etc.), by historical periods (cultural relics of the Shang and Zhou Dynasties, for example), and by units (cultural relics unearthed in Sanxingdui, Guanghan, Sichuan Province, for example).

### III. Exchange of Science and Technology

Both sides are ready to carry out personnel exchanges in the following fields: physics, chemistry, atmospheric sciences, geoscience, oceanography, mathematics, and other disciplines of natural sciences; photoelectricity, radio communications, high-grade materials, space, computer, mechanics, marine technology, and other disciplines of engineering sciences; Chinese medicine, natural medicinal herbs, biology, medical science, and other disciplines of life sciences; cultural anthropology, archaeology, history, linguistics, and other disciplines of the liberal arts and social sciences.

Establishment of cross-strait channels of academic, scientific and technological, and information exchange will be encouraged.

The idea of experts from across the strait jointly devising a long-term plan and compiling a comparison table of science and technology terms used on the two sides of the straits will be studied and discussed.

### IV. Exchange in Journalistic Sector

Seminars on journalism and other activities will be carried out.



**Commentator on Direct Phone Service**

*OW0908080994 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 7 Aug 94*

[News commentary by station commentator (Yu Xing); from the "News and Current Events" program: "Direct Cross-Strait Telephone Service Should Be Permitted As Soon As Possible"]

[Text] Dear listeners: Telephone calls from Taiwan to the mainland are now the most common of the island's telephone calls to the outside. However, no decision has been made on direct cross-strait telephone service, despite many years of negotiations. Our station commentator (Yu Xing) has written a news commentary on the matter: "Direct Cross-Strait Telephone Service Should Be Permitted As Soon As Possible."

The commentary says: Taiwan's Telecommunications Bureau recently said that the number of telephone calls between Taiwan and the mainland has doubled and redoubled over the last few years. In the four years since the end of 1989, it increased 22 fold. Since May 1994, the volume has risen to rank first among the island's external telephone calls. In 1989, the Taiwan authorities began allowing telephone calls to the mainland through a third place. In the first year thereafter, telephone calls from Taiwan to the mainland totalled some 3 million minutes. In 1993, the volume increased to more than 66 million minutes and ranked third among the island's external telephone service, next only to the volume of telephone calls between Taiwan and the United States and that between Taiwan and the Hong Kong and Macao area. At present, it has risen to first place. Some personnel of Taiwan's Telecommunications Bureau said that the volume of telephone calls to the mainland will continue to rise rapidly, and will even exceed 30 percent of the island's external telephone calls if the cross-strait economic activities and trade remain vigorous.

According to statistics compiled by the department concerned, since 1989 when indirect telephone calls between Taiwan and the mainland were permitted, the volume of telephone calls from the mainland to Taiwan has also increased day by day, with 4.7 million calls made in 1990, 8.03 million calls in 1991, and more than 10 million calls in 1992. At present, the telephone calls from the mainland to Taiwan rank second among the mainland's external telephone service, next only to the telephone calls from there to Hong Kong. So far, no decision has been made on direct cross-strait telephone service due to Taiwan's policy restriction.

The current situation is that the fees for making connections through a third place is increasing sharply with the

increase of telephone calls, and it is the callers who foot the extra bill. According to statistics, the accumulated total of the fees for connecting telephone calls from Taiwan to the mainland exceeded 1.4 billion [currency not specified] as of the end of 1993. In 1993 Taiwan's minister of communications Liu Chao-hsuen held an official consultation with the Mainland Affairs Council on the establishment of direct cross-strait telephone service, and the Mainland Affairs Council then agreed in principle to establish a direct cross-strait telephone link by satellite. However, the Mainland Affairs Council has not yet issued any official document on the matter so far. So, it remains an outstanding matter. A person in charge of the department concerned under Taiwan's Telecommunications Bureau says that the direct cross-strait telephone link through satellite can be established in three days if an official document of approval is issued. While the departments concerned in Taiwan are considering the direct cross-strait telephone service, the mainland is making great efforts to develop telecommunications. Taiwan businessmen may seek investment opportunities in this regard. Direct cross-strait telephone service will benefit not only the people, but also cross-strait economic cooperation and trade.

**Deng: Hong Kong-Based Taiwan Institutions To Stay**

*HK0808133194 Hong Kong WEN WEI PO in Chinese 8 Aug 94 p 2*

[Dispatch from Taipei by staff reporters Chang Chien-hua (1728 1696 5478) and Lin Hsu-chiang (2651 2485 3068): "Tang Shubei Quoted Deng Xiaoping as Saying Taiwan Organs May Stay in Hong Kong After 1997"]

[Text] Tang Shubei, executive vice chairman of the Association for Relations Across the Taiwan Strait (ARATS), spoke in Taipei about the impact of Hong Kong's sovereignty changeover in 1997 on Hong Kong-based Taiwan institutions.

Tang said that Mr. Deng Xiaoping once said that Taiwan institutions in Hong Kong may stay after 1997. They may hurl abuse at the CPC, but they are not allowed to create two Chinas. Mr. Deng hopes Taiwan will contribute to the smooth transfer of Hong Kong's sovereignty and will help in maintaining Hong Kong's stability and prosperity. Taiwan is concerned about the status of Hong Kong-based Taiwan institutions. I also believe the problem should be discussed. If the Straits Exchange Foundation is empowered to discuss the matter, I will also ask the ARATS to empower me. The two bodies should discuss the problem sooner or later; otherwise, the problem will not be solved, added Tang.

**Report Views Health of PRC's Deng Xiaoping,  
Chen Yun**

OW0908050094 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
8 Aug 94

[From the "Hookup" program]

[Text] According to official Peking [Beijing] sources, Teng Hsiao-ping [Deng Xiaoping], who returned to Peking from Shantung [Shandong] in June, is now spending the summer at Peitaiho [Beidaihe] and will be there to receive birthday greetings from high-ranking CPC leaders. According to the report, Teng Hsiao-ping is currently in quite good health.

In the meantime, the health of Chen Yun, Teng's major rival in the party, is not as good as before due to cardiovascular trouble.

**Premier Lien Chan on Cross-Strait Relations**

OW0508115494 Taipei CHUNG YANG JIH PAO in  
Chinese 28 Jul 94 p 1

[Excerpts] Premier Lien Chan of the Executive Yuan pointed out on 26 July: The Strait Exchange Foundation [SEF] of Taiwan and the Association for Relations Across the Taiwan Strait [ARATS] of the mainland will hold talks on routine matters in Taipei, the fifth round of such talks after the "Wang-Ku talks." I hope this round will solve some urgent routine matters between the two sides. If we can score solid results, that would mean both sides have established mutual trust in dealing with problems.

With regard to the meetings between the high ranking SEF and ARATS officials, Lien Chan stressed: We never reject this kind of talk. However, we hold that making decisions on topics and the timing of the talks is more important. At present, these two factors remain to be studied and discussed.

Lien Chan said: I pointed out clearly many times while commenting on cross-strait relations that I do not support "Taiwan independence." Moreover, I keep urging the Chinese Communists to face the fact that the two sides of the Taiwan Strait are governed by different administrations. They should show sincerity and patience in reaching a consensus through exchanges and satisfy both sides by respecting Taiwan. I regret that the Chinese Communists still insist that they will not rule out the possibility of invading Taiwan with armed forces and continue to stifle Taiwan in the international community. "Taiwan independence" is closely related to how the Chinese Communists deal with cross-strait relations. The "Chientao Lake incident" is an example.

Talking about "dual recognition," Lien Chan held that the key lies with the Chinese Communists. Before the Chinese Communists recognize Taiwan as an equal political entity and stop squeezing Taiwan out of the

international community, Taiwan will not take the initiative to promote the so-called "dual recognition."

On the afternoon of 26 July, Lien Chan was interviewed by Yang Li-yu, chairman of the East-West University's Asian Studies Department, in both oral and written forms. Lien Chan made the above remarks in the interview.

The following are excerpts of the interview:

[Yang] You have been serving as premier for one and a half years, what contributions do you think the cabinet has made to the country? Have you made any political progress and achievements? In what fields do you need to put more efforts? How do you make efforts in those fields?

[Lien] Thank you. Since I took office, I have recognized the trend of democratization and liberalization in the world and the importance of pursuing the growth of overall national strength and participating in the international community. To enable our country to play an active role as contributor in the Asia-Pacific region and the world, I take history and the entire global situation into consideration and forward a comprehensive concept of establishing an "administration that takes everything into consideration." With the efforts of its staff, the current Executive Yuan, led by me, has scored some breakthroughs in developing new administrative concepts. I personally think these breakthroughs are worth mentioning to our people.

First, we need to broaden our vision. We must have a clear idea about the national construction and lay a solid foundation for the "pragmatic diplomacy" policy.

Second, we need to develop evenly. We should make efforts to diminish unevenness of development and seek overall progress. For example, we should pay equal attention to the economy and environmental protection and develop cross-strait relations and relations with other countries simultaneously.

Third, we need to respect public sentiment. The administration should proceed from the people and vigorously promote administrative reform and antidrug and anti-corruption campaigns. We should support general governor and mayoral elections and spare no effort in promoting partisan politics to consolidate the people's will and promote national unity.

Fourth, we need to set goals for our future policy. To become a modernized country by the end of the 21st century is our goal. For the state and the people, the administration, with foresight, has dedicated its efforts and energy to reinvigorating the economy, joining GATT, promoting the national health insurance scheme, and ensuring the energy supply. On cross-strait relations, we follow the planned steps stipulated in the "National Unification Program" and call for promoting exchanges to satisfy both sides.

I myself think the Executive Yuan's major achievements in the past one and a half years are the following:

In consolidating democratic politics: We completed legislature procedures of the "Law Governing the Self-Ruling of Provinces and Counties" and the "Law Governing the Self-Ruling of Municipalities Directly Under the Central Government" and amended the "Law Governing the Election and Recall of Government Functionaries." We made plans for general governor and mayoral elections, enhanced local governments' authority and ability in serving the people, and brought the self-ruling of local governments on Taiwan to a new stage.

In participating in the international community: On the basis of "pragmatic diplomatic" policy, we strengthened virtual relations with major countries and regions recently. We made quite a few achievements in participating in activities of the Asia-Pacific Economic Cooperation Forum and GATT. As to joining the United Nations, seven Latin American countries jointly sponsored our country in joining the United Nations last year. This year, 12 countries on various continents forwarded a motion sponsoring our joining the United Nations. President Li and myself visited countries with which we have or do not have diplomatic relations. We made progress as well in gaining aviation rights and developing relations with countries we do not have diplomatic relations. Our country is the 13th largest trade country in the world, thus giving Taiwan a more solid foundation for participating in the international community.

In developing cross-strait relations: Our current mainland policy stresses the need to establish mutual trust and to reach a consensus between the two sides of the Taiwan Strait and to ensure the security and welfare of the people on Taiwan, Penghu, Chinmen, and Matsu. In recent years, we developed a plan for opening cross-strait exchanges in cultural and educational fields, set up the "Chinese Development Fund," formulated regulations on the introduction of industrial technologies from the mainland and on contacts of financial institutions, displaying our sincerity in trying to satisfy the two sides of the Taiwan Strait. We formulated the "Regulations Governing Relations With Hong Kong and Macao" and amended the "Regulations Governing the Relations Between the Peoples of Taiwan and the Mainland." Adapting ourselves to the new situation, following the "National Unification Program," and holding the "Ku-Wang talks" are our firm steps in upholding our principles.

[Yang] Relations between the ruling and opposition parties have grown tense gradually, more problems have emerged, and even important bills have failed to make progress—how does the government handle these difficulties and overcome conflicts between the ruling and opposition parties? The ruling party won fewer and fewer votes in past elections. How do you reverse this trend? How does the ruling party plan to win the provincial governor and city mayor elections?

[Lien] Governance by a ruling political party basically entails interparty competition. It is natural for the ruling and opposition parties to have differences over major policies, and this is also normal in a democratic society. [passage omitted]

As for the decline in the number of votes won by the Kuomintang [KMT] in recent years, I believe under the system of governance by a ruling political party, the ruling party has a broad, latent base, and a slight decline is only an apt reflection of the popular will for checks and balances. However, it is an indisputable fact that the ruling party remains the number-one party most trusted by the people for holding power. From another perspective, winning around 60 percent of the total votes cast is considered very high in a democratic country. Of course, winning is the biggest goal in gubernatorial, mayoral, or other elections, and the ruling party wants that too. To win the elections, we must do at least four things: 1) tailor our policies to the people's needs; 2) govern by paying attention to the people's suffering; 3) field candidates according to popular will; and 4) make appeals according to public feelings. [passage omitted]

[Yang] What are your views on such issues as the pro-independence movement on Taiwan, localization, and the provincial complex?

[Lien] All these issues actually stem from the question surrounding "the fact that China is split and ruled separately." Differences in geography, politics, lifestyle, ideology, social development, and the level of economic progress followed the splitting and separate rule of the two sides of the Taiwan Strait in 1949. With the passing of time, and given suspicions about the communist system, the 21 million people in the Republic of China [ROC] Taiwan region automatically started thinking about their future. In the final analysis, the true colors of the "pro-independence movement on Taiwan" and the "provincial" complex can only be seen within the overall historical framework of "splitting or unifying China."

In my previous speeches about cross-strait relations, I explicitly pointed out that I oppose the "pro-independence movement on Taiwan," and also repeatedly urged Communist China to squarely face the fact that the two sides of the Taiwan Strait are under separate rule. I showed sincerity and patience, and sought to establish a consensus through exchanges and score a "double-win" through respect. Regrettably, however, Communist China still persists in and will not give up the notion of taking Taiwan by force, and continues to narrow the room for us to maneuver in internationally. The methods used by the "pro-independence movement on Taiwan" and by Communist China to handle cross-strait relations are so closely intertwined as to be indiscernible—the "Chientao Lake" case is an example. [passage omitted]

[Yang] Does the government seldom take the Communist China factor and its impact on cross-strait relations



into consideration when promoting a pragmatic diplomacy? Has the ROC decided on "dual recognition" as its policy? The efforts to expand foreign relations and to rejoin the United Nations have met with a sweeping boycott by Communist China. How does the government surmount the obstacles set up by Communist China? Which international organizations, besides the United Nations, does the ROC hope to rejoin? Which international organizations is it more likely for the ROC to rejoin? With which countries will the ROC possibly establish diplomatic relations in the near future?

[Lien] 1. The substantive diplomacy promoted by the ROC Government was a practice it adopted after taking into consideration the Communist China factor. [passage omitted] We believe that only when cross-strait relations extricate themselves from a "zero-sum" pattern and only when the mainland and Taiwan respect each other in the international community can a "both sides win" situation conducive to improving cross-strait relations be created. It is hoped that the Communist Chinese authorities can also understand and admit the fact of China's current separation and separate administration; stop elbowing out the ROC from the international community in a pragmatic attitude; foster mutual trust through cross-strait exchanges; and make joint efforts to create favorable conditions for the great undertaking of reunification between the two sides of the Taiwan Strait under which the people can enjoy freedom, democracy, and equal prosperity in the future.

2. Communist China objects to the maintaining of official or diplomatic relations between countries with which it has established diplomatic ties and the ROC, and categorically severs diplomatic ties with those that establish diplomatic ties with the ROC. Therefore, the key to the establishment of the so-called "dual recognition" lies with Communist China. If the ROC takes the initiative to actively promote "dual recognition," Communist China may possibly strive to establish diplomatic relations with countries that have diplomatic ties with the ROC and then force them to sever their ties with the ROC. Therefore, as long as Communist China denies the ROC as a political entity on a reciprocal basis and eliminates the room for ROC activities in the international community, the ROC will not take the initiative to promote the so-called "dual recognition."

3. Communist China's sweeping boycott of the ROC's efforts to actively expand foreign relations and participate in the United Nations is something the ROC anticipated. [passage omitted] The ROC ranks as the 13th largest trading country in the world; its foreign exchange reserve ranks first or second in the world; and the [annual] income of its citizens exceeds \$10,000. All these facts enable the ROC to naturally occupy a position not to be ignored in today's international community with economic cooperation and trade playing the dominant role. However, the ROC does not have a legitimate and reasonable representation in the United Nations. Such unfair phenomenon should be resolved through

joint efforts by the international community. Communist China should also clearly understand that only when the right of the ROC on Taiwan to exist is guaranteed can talks be held on a reciprocal basis on China's reunification in the future.

4. Aside from the six main bodies of the General Assembly, Security Council, Economic and Social Council, Trusteeship Council, International Court of Justice, and Secretariat, the United Nations has 16 specialized agencies, including the IMF and World Bank, and over 30 affiliated organizations, including the United Nations Children's Fund and United Nations University. While the government is currently dedicated to promoting the ROC's participation in the United Nations, it must vigorously collect information concerning various specialized agencies and organizations under the United Nations and study and analyze the possibility for the ROC to join them. We shall do our best to try anything conducive to the establishment of relations between the ROC and various UN organizations.

[Yang] What is the bottom line of the mainland policy at the present stage? Has not the "one China" policy as outlined in the "National Unification Program" been replaced by the "policy of two China's at the present stage?" Have there been any changes in the policy—and the way it is conducted—toward the mainland in the wake of the "Chientao Lake incident?" Is the government considering revising the "National Unification Program?" What are the objectives of the mainland policy at the present stage? Will high-level contacts between the SEF and ARATS be resumed?

[Lien] First, the "National Unification Program" represents the supreme principles of our government's mainland policy. Our goal is to accomplish national unification while pursuing a system of democracy, freedom, and equitable distribution of wealth. The preconditions are that we must guarantee the rights, interests, and security of the people in the Taiwan area.

Second, the so-called "policy of two China's at the present stage" is not government policy. Our government is firmly against "two China's" or "one China, one Taiwan." Objectively, however, we must admit the reality of division and separate rule across the strait until the day China is reunified. Any policy that seeks to reunify the country must not turn a blind to this reality. Our pursuit of "one China" has never changed. We also believe that the current status in regard to cross-strait relations is "one China, two equitable political entities." Only when the two sides treat each other as equals on this basis will it be possible for cross-strait relations to grow further.

Third, I believe that Professor Yang knows very well the seriousness with which the "National Unification Program" was drafted. The "program" was formulated on the basis of opinions of all quarters and it serves as the basis for the government's mainland policy. At present,

the government has no plans to revise it. As a matter of fact, the primary reason we have been unable to make a breakthrough in cross-strait relations lies not in whether or not the "program" needs to be reexamined but in the Chinese Communists' hostility toward us. The Chinese Communists have as yet to renounce invasion of Taiwan by force, have refused to treat us as equals, and have continued exerting pressures to deny us maneuvering space internationally. This makes it impossible for cross-strait relations to develop in a positive direction. If the Chinese Communists renounce their hostility toward us, cross-strait relations will naturally develop in strides. That would also be conducive to the promotion of reunification.

Fourth, reunification is the supreme goal of our mainland policy. The objective of our mainland policy at present is to promote constructive exchanges across the strait. We hope that the two sides will understand more of each other through exchanges and dissolve hostility with mutual benefits. We also hope that exchanges will not endanger the other side's security and stability and that, while carrying out mutually beneficial exchanges, neither side refuses to recognize the other side as a political entity. On the basis of this, our government will gradually relax restrictions on exchanges and expand people-to-people exchanges to promote prosperity on both sides.

Fifth, after 40-odd years of separation, there are marked differences—both in concepts and styles—between the people and governments on the two sides of the strait. The "Chientao Lake tragedy" served to reflect the extent of these differences. The Chinese Communists had no idea that their regular way of dealing with the incident—a way in which no regard was given to the truth and to the feelings of family members—would evoke such an aversion among the people in Taiwan. Personally, I believe that the incident will serve as a vivid lesson for the Chinese Communist authorities. I also hope that the Chinese Communists will draw a lesson from it and not repeat the same mistake. They should also make some appropriate and well-meaning responses in regard to cross-strait relations under the principle of respecting the dignity and safety of the people in Taiwan. It is also my hope that the "Chientao Lake tragedy" will be the last unfortunate incident in cross-strait relations. The government has no plans to change its mainland policy and the way it is implemented because of the incident.

Sixth, the SEF and ARATS will soon hold the fifth follow-up consultations on routine matters in Taipei in the wake of the "Ku-Wang Talks." Mr. Tang Shubei will also come to Taiwan for talks with Mr. Chiao Jen-ho. I hope that the talks will help solve some routine matters across the strait that cry for solution. Concrete results from the talks would be an indication that the two sides are beginning to have confidence in one another in dealing with those matters. As for high-level SEF-ARATS meetings, we have never ruled them out. However, we believe that the choice of topics and timing are crucial. These two factors need more study.

### Defense Minister on Defense Construction

OW0508134594 Taipei CHUNG KUO SHIH PAO in Chinese 31 Jul 94 p 10

["Text" of speech by Defense Minister Sun Chen given in Taipei on 30 July at a lecture entitled "Trans-Century National Development Strategy" sponsored by CHUNG KUO SHIH PAO: "With National Defense Construction as the Basis, There Will Be a Promising Prospect for National Development"]

#### [Excerpts] 1. Only When There Is Security Will There Be Stability and Prosperity

Over the past four decades or so, the government vigorously promoted economic development in Taiwan, achieving very good results. [passage omitted]

The Republic of China [ROC] National Reunification Guidelines clearly define China's reunification as a long-term objective, and the guiding principle for the building of the National Army has shifted from "offensive and defensive in one" to the "defensive stance." In coordination with this principle, the government has worked out a 10-year program to reduce its troop strength while upgrading Army quality; on the other hand, marked progress has been made in cross-strait exchanges. Despite these facts, the Chinese Communists on the opposite shore have never abandoned their attempt to invade Taiwan with force. In recent years, the Chinese Communists have been vigorously engaged in arms expansion, not only posing serious threats to Southeast Asian countries but also becoming the main factor of instability in the Asia-Pacific region. [passage omitted] Experts in various countries have different ways of estimating the actual amount of the Chinese Communists' national defense spending. According to the estimate of our experts, their actual spending is about four to five times the official figure. Take 1993 for example, the official national defense budget was only 43.248 billion yuan (renminbi), but our experts estimated that the true spending was about 173 billion yuan. [passage omitted]

In recent years, the Chinese Communists have held large-scale military exercises in their military regions. In mid-July alone, there were a large-scale air-drop exercise by their airborne forces, the 15th Army, in Wuhan; and the air-drop, landing, and antilanding exercises held by the Nanking [Nanjing] Military Region along the coast of Fukien [Fujian]. Our National Army cannot but heighten its vigilance as it has the duty to defend the territory.

Although the Chinese Communists have repeatedly adopted a friendly attitude toward Southeast Asian countries and have also declared their national defense construction is defensive in nature, yet their strong position regarding sovereignty over the South China Sea, their active running of military bases on various South China Sea islands, and their rapid arms expansion have not only put the countries in this region in danger but

have also attracted the attention of neighboring countries, the United States, and European countries. The Chinese Communists have become the potential threat in this region, and the South China Sea has been looked upon as a potential conflict area. [passage omitted] 2. **National Defense Construction and Resource Distribution**

[passage omitted] In 1986, the proportion of the ROC's national defense spending to the central budget, to the budgets of governments at all levels, and to the GNP was 54.5, 32.2, and 7.6 percent respectively; by fiscal year 1993-94, the proportion has gone down to 22.5, 12.5, and 3.8 percent respectively. The drop has been very drastic. But it should be explained that the national defense spending in the past two years did not include the special budget of 300.7 billion new Taiwan dollars for the purchase of F-15 and Mirage-2000 fighters. [passage omitted] 3. **A Choice of Purchasing Weapons From Abroad or Making Them at Home**

It is not economically possible for a country to manufacture all the commodities it needs, nor can it manufacture all the weapons it needs. [passage omitted] After the severance of diplomatic relations between the ROC and the United States, the ROC has been in a plight in the field of international diplomacy, and its purchase of weapons from abroad has been seriously limited. Thus, the government decided to strengthen the domestic development of national defense science and technology. Guided by this policy, the Chungshan Science Research Institute under the National Defense Ministry has grown rapidly. In a decade or so, it has made marked progress not only in the development and manufacture of weapons but also in training a large number of national defense scientific and technological personnel for the country, building up a powerful capability. Under the Chungshan Science Research Institute's efforts, the Chingkuo fighter, six types of land-to-air, air-to-air, and air-to-sea missiles under three models, the Skybow, Sky Sword, and Hsiungfeng, have been successfully developed. They have gone into mass production and have been deployed by various units of the armed forces. If the ROC has not been able to buy high-performance weapons from abroad, the Chingkuo fighters and these missiles will become our important weapons for defending Taiwan. Today, as most of the weapons purchased from abroad have not been delivered, these self-developed and -manufactured weapons are playing an important role in strengthening Taiwan's defense capability to command the sea and control the air. [passage omitted] 4. **Reducing Troop Strength and Adjusting the Structure**

At present, the National Army is implementing a troop reduction program to reduce its strength from 503,000 to 400,000 in the next 10 years, from 1994 to 2004. By that time, the nation's total troop strength will be 1.7 percent of the population. Of the total strength, the army accounts for 50 percent. Although the strength of the Air Force and the Navy will also be reduced, their proportion to the Army will increase for the purpose of

improving coordination in defense operations against landings and in operations to command the sea and control the air.

The program for the reduction of troop strength will be carried out in three stages:

The first stage will be from 1 July 1994 to 30 June 1996, with the aim of rationalizing the setup of the Armed Forces and raising their current proportions.

The second stage will be from 1 July 1996 to 30 June 2000, with the aim of adjusting aides and the staff organizational system and reducing or merging military schools or academies.

The third stage will be from 1 July 2000 to 30 June 2004, with the aim of merging the general staff department with the armed forces headquarters to simplify the National Army's organization. [passage omitted]

The National Defense Ministry is strengthening the structure of military schools and academies to attract more outstanding young people into the armed forces. [passage omitted] 5. **The Armed Forces Are Not Only a "Fighting Force But Should Also Be a Place for Living and Education"**

Even if we succeed in considerably raising the standard of military schools and academies, thus attracting more outstanding young people to enroll, if we fail to improve work and living conditions in the armed forces and fail to raise military pay to a reasonable level, it will be difficult to retain soldiers, and all the hard work of educating them will be wasted. [passage omitted] 6. **Conclusion: The National Army Is Not Another Group of People; Interaction Is Needed for National Defense by the Whole People**

I have frequently said that although national defense is the bound duty of the Defense Ministry, ours is national defense by the whole people, and the National Army is not another group of people but is a group among us. All of us need to cherish it. The president has said that without security, we will have nothing. Let me conclude my speech today by citing the following two thoughts: safeguard national development with national defense construction, and strengthen national defense construction with national development.

#### **BOFT Reports Increased Exports to PRC**

OW0608082894 Taipei CNA in English 0740 GMT  
6 Aug 94

[By Benjamin Yeh]

[Text] Taipei, Aug. 6 (CNA)— Taiwan exports to Mainland China hit US\$5.58 billion during the first five months of this year, accounting for 15.4 percent of Taiwan's overseas sales, the Board of Foreign Trade (BOFT) said Saturday [6 August].



BOFT officials said the ratio marked the highest level since Taiwan eliminated its decades-old ban on indirect cross-Taiwan strait trade in 1987. The high percentage of Taiwan exports to the mainland shows the mainland's increasing importance to Taiwan's export-oriented economy, the officials added.

Industrial raw materials and parts, particularly man-made fibers and grey cloth, were Taiwan's major export items. Taiwan's indirect imports from the mainland during the same period amounted to US\$490 million, about 1.43 percent of Taiwan's total imports.

Meanwhile, the BOFT Friday allowed 187 more semi-finished products and industrial items to be imported from the mainland, marking the most items approved in a single screening meeting since mainland imports were allowed in 1988. The approval has increased the import list to a total of 1,974 items.

A regular review of the list of proposed mainland product imports was to be held on April 13, but the meeting was postponed due to the deaths of 24 Taiwan tourists while on a visit to Qiandao lake in Mainland China. Civilian exchanges atrophied after the March 31 killings. The government decided to resume the screening last month. The BOFT will hold another screening meeting early next month to meet local demand. Sources said some 200 items will be discussed in the next meeting.

#### **CEPD's Hsiao To Lead Investment Group to RSA**

*OW0608135094 Taipei CNA in English 1311 GMT  
6 Aug 94*

[By Danielle Yang]

[Text] Taipei, Aug. 6 (CNA)—A 25-member Republic of China [ROC] delegation, led by Council for Economic Planning and Development (CEPD) Chairman Hsiao Wan-chang, will leave for South Africa Aug. 28 to study the investment climate there.

The delegation will include Vice Economic Affairs Minister Yang Shih-chien, Chinese Petroleum Corp. Chairman Chang Tze-yuan, China Steel Corp. President Chen Chen-jung, Taiwan Power Company Chairman Chang Chung-chien, Bank of Taiwan Chairman Y.D. Sheu, President Food Chairman Kao Ching-yuan, Kuomintang-run Business Management Committee chief Liu Tai-ying, Tuntex Group Chairman Chen You-hau and other manufacturing industry representatives.

Hsiao said his visit will help stabilize ROC-South Africa ties and seek new cooperation and investment opportunities for the two countries.

During their 11-day visit, the ROC officials will study the possibility of investing in the petrochemical, coal and iron, energy, food processing, textile, machinery, computer and telecommunications industries, Hsiao added.

Although South Africa is actively courting foreign investment, high labor costs and a lack of technology as well as other trade barriers have hindered investment inflow, Hsiao said. He added that the ROC investment group's visit is expected to boost ties between the two countries.

## Hong Kong

### PWC Member Liu Hanquan Interviewed

OW0808061694 Beijing XINHUA Domestic Service in Chinese 0834 GMT 7 Aug 94

[Newsletter by unidentified XINHUA reporter: "State Affairs, Hong Kong Affairs, and Affairs That Weigh on His Mind—An Interview With Liu Hanquan (2491 3352 6898), New Member of the Preliminary Working Committee and New Hong Kong Affairs Adviser"]

[Text] Hong Kong, 7 Aug (XINHUA)—As an experienced attorney, Liu Hanquan recently accepted with pleasure an appointment as a member of the Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region and as a Hong Kong affairs adviser. Meanwhile, he was elected chairman of the "Alliance for the Betterment of Hong Kong."

The well-known public figure has caught the attention of the news media once again. Liu Hanquan declared: "As a resident of Hong Kong, one should make certain promises and undertake certain tasks during the post-transitional period."

To do something that really benefits the Hong Kong people has always been the goal of Liu Hanquan. The situation in which all trades and professions have grown perennially has provided opportunities for him and, in return, he makes contributions to it with his own share of energy. "I 'make a living' here and I look upon Hong Kong as my home," said Liu Hanquan in a very down-to-earth manner. No matter whether he is enthusiastically promoting public welfare or waving the banner of participating in and discussing government and political affairs, he always pursues a fixed goal: namely, working for a stable and harmonious social environment in which everyone can enjoy development.

This simple desire is also cherished by all those who look upon Hong Kong as their home. "In recent years, Britain changed its policy toward China and Hong Kong, which is only a very small place, but which has become a window for Western countries to sound China out." Such was Liu Hanquan's analysis of the Hong Kong situation and Hong Kong people. "Long-term colonial rule has alienated some Hong Kong people from the Chinese culture, and they even worry about '1997'."

Instead of harshly criticizing his townsmen, he began taking actions in a down-to-earth manner. He said the purpose of the formation of a new political party and his acceptance of the appointments as a Hong Kong affairs adviser and PWC member was to unite more Hong Kong people, including those who are worried, and to make them understand that the recovery of sovereignty is the beginning of the rule of Hong Kong by the Hong Kong people, and this is good news in which the Chinese people—and particularly Hong Kong compatriots—can take pride.

Some people still lack in-depth understanding of the central authorities' policy on Hong Kong and some Hong Kong people have but a superficial understanding of the mainland. More often than not, they see more of the backward side of the mainland than the other side. Telling people his own experience, Liu Hanquan said: History saw the ceding of a land which was a part of the mainland. The contacts today condense the power of our nation. The potential energy will surely be tapped and utilized.

Liu Hanquan's business and social functions enable him to get in touch with personages at various levels. He frequently has heart-to-heart talks with friends whose doubts had not been dispelled: Do not worry about the possibility that a high degree of Hong Kong's autonomy will be affected in the future. A practical China is following the road to prosperity. The central authorities' policy toward Hong Kong shall remain unchanged, and so shall the mainland's policy on reform and opening up.

After Deng Xiaoping's inspection tour of south China, Liu Hanquan's contacts with judicial departments became even more direct and frank. It seems to him a society whose legal system becomes increasingly perfect will provide increasingly favorable conditions for rapid economic development. The mainland and Hong Kong can "lend a helping hand" to each other in their future development. He drew an analogy: Hong Kong is a "branch office" and the mainland is a "head office." If the "head office's" business booms, it will surely benefit the business here. If the "branch office" is in chaos, what good will it do the "head office?"

At a PWC meeting, from his perspective as a professional lawyer, Liu Hanquan proposed that the laws now in force in Hong Kong be kept intact under the prerequisite of the Basic Law, that preliminary preparations be made as soon as possible for amending those laws which contravene the Basic Law, and that the Basic Law be widely publicized not only in Hong Kong, but in provinces, municipalities, and departments of the mainland.

After leaving the conference table, he immersed himself again in the crowd in hope of awakening the Hong Kong people's concern for today's society with his own sincerity and willpower. "It is a bit shortsighted to quit a place after you have made enough money in it," he said. If we show concern for the economy as well as politics and place the interests of the whole in Hong Kong atop the agenda, the future of Hong Kong and its people will surely be better than today.

Four successive generations of Liu's family have settled down in Hong Kong. Possibly due to the influence of his ancestors, Liu Hanquan deeply loves the motherland and his hometown. His wife works for the Hong Kong Government. According to regulations, their children were entitled to recommendation for free admission to school abroad. Though such recommendation was most welcome to others, it was stopped by the head of the family. Liu Hanquan had his own stand. He said one

should only go abroad after one has thoroughly undergone a gradual, uplifting influence by the Chinese culture.

On a number of public occasions, he called for the implementation of "one country, two systems." He said, "It is something that has a bearing on the immediate interests and the weal and woe of everyone, including myself."

#### **Hang Seng Bank Provides Index on Enterprises**

*OW0808074194 Beijing XINHUA Domestic Service in Chinese 0330 GMT 6 Aug 94*

[By reporter Zhang Jian (1728 0256)]

[Excerpt] Hong Kong, 6 Aug (XINHUA)—On 5 August, Ou Zhaoji [name as transliterated], standing member of the board of directors and executive president of Hong Kong's Hang Seng Bank Ltd., announced the Hang Seng Index [HSI] on China's enterprises will be provided starting 8 August. Liu Hongru, chairman of the China Securities Supervision and Administration Committee, sent a special cable of congratulations.

Liu Hongru's cable noted: As the number of Mainland Chinese enterprises that go public in Hong Kong gradually increases, it is very necessary to compile an index on the average trend of such shares in a timely manner. It will be conducive to perfecting and developing the work of having selective mainland state-owned enterprises go public in Hong Kong on a trial basis and will provide a valuable index for investors outside the Chinese territories to use as reference when investing in H shares.

Ou Zhaoji said: As more and more mainland enterprises choose to go public in Hong Kong, the international community pays very close attention to them and badly needs to collect further information on them. Because mainland enterprises are run under an entirely different economic environment and encounter influences different from those confronting Hong Kong firms, we believe it is necessary to establish another index to accurately reflect their performance. To this end, the HSI Service Ltd decided to begin providing an index on China's enterprises. It will also be the second stock index provided by the company.

HSI Service Limited Chairman Lu Guan hao [name as transliterated] said: The index includes all the H shares offered for transaction on the Hong Kong joint stock exchange. The number of shares that make up the index will grow as the number of Mainland Chinese enterprises that go public in Hong Kong increases. It is estimated the number of listed H shares in Hong Kong will exceed 20 by 1995. [passage omitted]

#### **'China Factor' Affects Financial Markets**

*HK0808093094 Beijing ZHONGGUO XINWEN SHE in Chinese 0629 GMT 20 Jul 94*

[By staff reporter Gan Zhebin (3927 0772 2430)]

[Text] Beijing, 20 Jul (ZHONGGUO XINWEN SHE)—According to an announcement from Hong Kong's Hang Seng Index Services Limited a few days ago, as H stocks (referring to stocks of mainland state enterprises listed on the Hong Kong stock market) are a bit special and their business and registration are all on the mainland, the market needs an index to indicate the H stock trend. Hence, the H-stock index, which is to be introduced soon, will include all of the H stocks.

Coincidentally, a Hong Kong Government official said not long ago: Because of the increasingly close contacts between the financial markets of the interior and Hong Kong, while looking for a candidate for chairman of the Securities and Futures Commission [Hong Kong regulatory body], familiarity with the operations of mainland state enterprises and proficiency in the Chinese language will be regarded as essential conditions.

Although the above-mentioned two cases are trivial, they reflect from one aspect the tremendous influence the listing of mainland state enterprises has had on Hong Kong's financial markets.

With the listing of the Eastern Electromechanical Company Limited on the Hong Kong Stock Exchange in early June, the first batch of nine state enterprises to issue shares in Hong Kong have all emerged in the market and have been well received by Hong Kong and overseas investors. The nine enterprises issued a total of 5.55 billion H shares and raised HK\$11.5 billion [Hong Kong dollars]. They have become an essential force in the Hong Kong stock market.

The successful listing of the first group of state enterprises has enhanced the confidence of mainland enterprises in Hong Kong stocks. The interior has approved the listing of another 22 state enterprises in Hong Kong and abroad this year, of which the Luoyang Glass Company Limited successfully listed in Hong Kong in late June.

The successful listing of H stocks indicates the increasing role of the China factor and the further participation of inland enterprises in Hong Kong's stock market. With the promulgation of the "Company Law" in mainland China and the establishment of a modern enterprise system, an increasing number of state enterprises will march toward the world through the Hong Kong stock market. According to the Hong Kong Joint Clearing Association, the listing of mainland state enterprises in Hong Kong will continue to expand Hong Kong's securities market.

As a matter of fact, besides the listing of H stocks, the "China factor" has also produced an impact on Hong Kong's financial market in various aspects.

The deepening of financial reform in the mainland since the beginning of this year and the gradual establishment of an open financial market system has offered more



development opportunities to Hong Kong financial organizations in the interior. Moreover, Hong Kong has also consolidated its position as an international financial center through the commercialization of banks in the interior. The latest report issued by the Hong Kong Trade Development Council [TDC] indicates that the commercialization of the specialized banks in the interior has enabled more interior banks to develop their businesses in Hong Kong or take Hong Kong as a bridge to expand their businesses abroad.

In the first half of this year, the Agricultural Bank of China and the Industrial and Commercial Bank of China have set up representative offices in Hong Kong one after another (prior to this, the People's Construction Bank of China set up the first office of an interior bank in Hong Kong). Not long ago, the People's Construction Bank of China issued small dragon bonds in Hong Kong. These frequent moves by the interior banks serve as the best footnotes in the TDC's report.

How should Hong Kong's financial system maintain a smooth transition with less than three years to 1997, when China will resume the exercise of sovereignty over Hong Kong? This is believed to be a question of common concern. The issuance of banknotes by the Bank of China in Hong Kong, a great event in the Hong Kong community, brought an end to the situation where only Hong Kong Bank and the Chartered Bank [Standard Chartered Bank] issued notes in Hong Kong. This is conducive to the continuity and smooth transition of Hong Kong's currency system, to stability in the value of the currency and the system, and to consolidation of Hong Kong's status as an international financial center. It also indicates the increasingly important role played by the Bank of China Group in Hong Kong's financial circles as 1997 approaches.

Focused on the transition of Hong Kong's financial system in 1997, it is said that the Hong Kong Monetary Authority will consult relevant mainland departments and study ways to make arrangements for the smooth transition of Hong Kong's financial laws and regulations after 1997. For example, clearly stating those laws and regulations which are no longer applicable and what amendments should be made.

There is another question which has attracted the attention of the financial departments of the two sides, that is, the circulation of Hong Kong dollars in the interior and vice versa. It is said that a total of HK\$15 billion circulate in southern China. The question of how the two sides should enhance coordination and exercise supervision merits great attention.

In short, it is indisputable that the "China factor" is exerting a greater and more profound influence on Hong Kong's financial markets.

### UK Prevents Finalizing of Airport Issue

HK0908004294 Beijing XINHUA Hong Kong Service in Chinese 0819 GMT 7 Aug 94

[Text] Hong Kong, 7 Aug (XINHUA)—Zhang Junsheng, XINHUA Hong Kong branch deputy director, has said the British side's "obstructions" have to date made it impossible for the agreement on Hong Kong's new airport to be finalized. The initiative is not in the Chinese side's hands.

He made this statement at a public gathering yesterday.

He said the Sino-British Joint Liaison Group Airport Committee held a meeting last month. The two sides basically reached agreement on the new airport issue. But later the agreement was not finalized. The responsibility does not lie with the Chinese side. The British side "prevented" a number of problems from being solved in the process of drawing up the agreement. So the issue has not been settled.

He stressed: "The Chinese side hopes the airport issue will be settled as soon as possible. But the initiative is not in the Chinese side's hands."

### Beijing Cracks Down on Businessman Over Li Peng Criticism

HK0908052094 Hong Kong SOUTH CHINA MORNING POST in English 9 Aug 94 p 1

[By Carrie Lee]

[Text] Outspoken Hong Kong entrepreneur Jimmy Lai Chee-ying is expected to resign as chairman and director of Giordano Holdings "in the near future" to save the garment retailer from Beijing-inflicted troubles, according to sources.

China's Foreign Trade and Economic Commission ordered the closure late yesterday of Giordano's month-old Beijing clothing shop on Wangfujiang Street, saying the shop had not completed its retail licensing documentation. "We will try to complete the licensing papers within the next couple of weeks," a Giordano spokesman said yesterday. Sources said the Foreign Trade and Economic Commission had ordered its Guangdong branch to tighten scrutiny of the Giordano outlets in the province.

Analysts attributed Beijing's move to a recent article in Mr Lai's NEXT MAGAZINE, which is believed to have upset the mainland Government. The controversial magazine has 200 staff and a circulation of 180,000. Mr Lai started NEXT MAGAZINE, an outspoken weekly, in 1991, two years after the Tiananmen Square blood-bath. His decision was triggered partly by his disapproval of the military crackdown on the democratic movement.

The critical piece, written by Mr Lai, appeared in an edition of the weekly last month. In the article, in the

form of an open letter to Chinese Premier Li Peng, Mr Lai condemned the mainland official, who played a key role in the Beijing massacre, using abusive language.

"A public letter to wong bak dan (a rude expression meaning a stupid and bad person) Li Peng," read the headline. "Li Peng, you are a shame on the country. No, you are (in fact) a super shame on the country," the article's opening paragraph read. "To have this wong bak dan like you among Chinese who have a civilization of 5,000 years is something sad for us.

"In the past 40 years, the Communist Party has done China the greatest harm, causing a decline in the country's moral standards.

"Not only are you a wong bak dan, but you are also a wong bak dan with zero IQ," it said. The article concludes with the remark: "Goodbye. Wish you pook gai (a curse)," which literally means "drop dead".

Mr Lai heads Giordano and is the controlling shareholder. The clothing store chain is the 106th largest company listed on the territory's stock exchange, with a market capitalization of \$2.99 billion. The group thrives in seven markets around the region, operating 35 stores in China, 37 in Hong Kong and 174 in Taiwan.

For the year ending December 31, Giordano recorded net profits of \$137.6 million, compared with \$115 million in 1992. In the first half of this year net profit rose 58 percent to \$85 million.

Mr Lai's Next Group—which owns NEXT MAGAZINE, EASY FINDER and RACING WORLD—is planning to seek a stock market listing in March. Mr Lai has said that, while the group will adjust its editorial policy, it will not "kowtow to get business going".

#### **Publisher To Resign From Retail Company**

HK0908085594 Hong Kong AFP in English 0741 GMT 9 Aug 94

[Text] Hong Kong, 9 Aug (AFP)—Hong Kong retailer Jimmy Lai is expected to resign as chairman of Giordano clothing chain, the firm said Tuesday, following a press report that Beijing was not happy about Lai's supposedly anti-China remarks.

Lai, who founded the clothing chain, has expressed his wish to step down as chairman and director of Giordano Holdings, a spokesman for the firm said in a statement, adding that the board of directors was discussing the matter.

Giordano here confirmed that the chain had been told by the Chinese authorities on Monday to close a branch in Beijing because its retail licensing documentation had been not been properly completed.

The authorities also reportedly ordered a close watch on the Giordano outlets in Guangdong Province following a recent article written by Lai which appeared in his

weekly magazine Next Magazine which had apparently upset the Chinese authorities.

Lai could not be contacted for comment Tuesday, but in Beijing, the Ministry of Foreign Trade and Economic Cooperation and the Beijing Foreign Trade and Economic Commission both denied any knowledge of revocation of the Giordano outlet's licence.

The Hong Kong-listed Giordano has 35 stores in China, 37 in Hong Kong and 174 in Taiwan.

The Chinese-born multi-millionaire has in the past angered China by writing several articles in Next Magazine criticising the Beijing government for the 1989 military crackdown on pro-democracy protests.

The Hong Kong-based publication was recently sued by a Beijing-based education body, the China Youth Development Foundation, for alleging that the foundation had misused funds. The case is still underway.

In an interview last month with a Hong Kong-based English-language weekly, Lai expressed his desire to move out of the rag trade and into the media business.

He was reported by the press to be planning to buy the Chinese-language newspaper MING PAO, and hoped to raise 300 million to 400 million Hong Kong dollars (38 to 52 million U.S.) for his popular weekly by floating 25 percent of the capital on the Hong Kong stock exchange in the first half of 1995.

Next Magazine, which claims a circulation of 180,000 and is valued at 1.2 billion to 1.4 billion Hong Kong dollars, is expected to make a profit of 100 million dollars this year.

#### **Survey Says Housing Top Concern of People**

OW0808115394 Beijing XINHUA in English 1135 GMT 8 Aug 94

[Text] Hong Kong, August 8 (XINHUA)—Three issues—housing, Hong Kong's future, and transport—were most concerned with Hong Kong residents, according to an official survey issued here today.

The survey conducted by the home affairs branch in July showed that of the 1,524 people interviewed, 54 percent said they were most concerned about housing problem, followed by 39 percent for Hong Kong's future and 26 percent for transport.

The survey showed that 55 percent expressed concern that the price of private housing was too high.

The survey said that 66 percent of residents believed that the present situation would either improve or remain the same in the next 12 months.

And 72 percent of those interviewed said they were satisfied with the status quo, the same as that found two months ago.

The bi-monthly survey was part of a series to monitor public opinion trends in respect of such issues as perceived problems in Hong Kong and people's expectations of the general situation.

### **Macao**

#### **GDP Increases 5 Percent in 1993**

OW0508212894 Beijing XINHUA in English 1359  
GMT 5 Aug 94

[Text] Macao, August 5 (XINHUA)—Macao's gross domestic product in 1993 increased by 5 percent compared with 1992's 40.2 billion Macao patacas, according to local statistics and census department.

While in 1992, Macao's gross domestic product rose by 12 percent over that for 1991.

In 1993, drops in tourists' consumption, investment in large scale projects and real estate industries resulted in slow economic increase in Macao, the local statistics and census department. [sentence as received]

It says that during the 1989-1993 period, Macao's gross domestic product increased at an average rate of 6.3 percent yearly and per capita number in this period rose at 1.7 percent each year.

In 1993, per capita income in Macao exceeded 13,000 U.S. dollars, ranking the fifth in Asia.



**END OF**

**FICHE**

**DATE FILMED**

12 AUGUST 1994